

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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BIRCHWOOD HIGH SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members/Trustees	Dr C Ingate, Principal Mr M Stocker, Chair, Community Governor Mr A Hazell, Community Governor Dr N Prior, Co-opted Community Governor Dr A Swanepoel, Parent Governor Mr A Sherriff, Community Governor Mrs E White, Parent Governor Mrs S Gubb, Parent Governor Mrs J Gallagher, Parent Governor Mr R Noblett, Teaching Staff Governor Ms C Gater, Community Governor Ms L Newland, Support Staff Governor (resigned 30 June 2018) Ms K Pritchard, Community Governor (resigned 30 June 2018) Mr J Smith, Community Governor Mr J Winter, Community Governor Mr F Gray, Community Governor Mrs R Crowland, Parent Governor Miss S J Eastwood, Staff Governor (appointed 1 September 2017, resigned 30 June 2018) Mr L Bothwell, Staff Governor (appointed 1 July 2018) Mr M Phillips, Staff Governor (appointed 1 July 2018) Mrs H Scotcher, Parent Governor (appointed 1 July 2018) Mrs L Watkins, Parent Governor (appointed 1 July 2018)
Company registered number	07791971
Company name	Birchwood High School
Registered and principal office	Parsonage Lane Bishop's Stortford CM23 5BD
Company Secretary	N Coop

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Accounting Officer Dr C Ingate

**Senior Leadership
Team**

Dr C Ingate, Principal
Mr C Gilbank, Deputy Principal
Mr S Stopps, Deputy Principal
Mr S Connor, Assistant Principal
Mrs M Mulley, Assistant Principal
Ms L Price, Assistant Principal
Mrs E Luxton, Business Manager (up to 31 August 2018)
Mrs N Coop, Finance Director (from 1 September 2018)
Ms J White, Human Resources Manager
Miss H Muxlow, Human Resources Manager

Independent Auditors

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

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 2018

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 2017 to 31st August 2018. 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 1,363 in September 2018.

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.

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

Trustee and Officers' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance is in place with Zurich Insurance PLC and provides cover up to £2,000,000 on any one claim and in the aggregate of any one period. The details of the costs are disclosed in note 10 to the accounts.

Method of recruitment and appointment or election of Trustees

The arrangements are as set out in the Funding Agreement.

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

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

Policies and Procedures adopted for the induction and training of Trustees

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

The Academy 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 Chair of Trustees and Principal or Deputy Principal. All Trustees are provided with an induction pack plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Organisation

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 & Estates Committee meets at least 5 times per year; the Curriculum and Personnel Committees meet at least 3 times per year; the Audit Committee meets at least twice per year and the Pay Committee meets at least once per year. The Board of Trustees reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Principal with the School Improvement Partner, and reviews them. From September 2018 the Audit Committee will meet at least 3 times per year.

The Principal is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Academy. 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 Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Academy 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.

Trade union facility time

There were no union officials in School for the period.

Fundraising

The Trust only held small fundraising events during the year including class made food sales, uniform sales, non-uniform days and the sale of music equipment. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

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 Trustees 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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

- 1) The Bishop's Stortford Football Club (BSFC) – a private limited company run on a not-for-profit basis, 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.
- 2) 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. 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 Board of Trustees 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 the 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 Board of Trustees 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 Board of Trustees actively promotes the use of our facilities for the benefit of our local community.

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 Academy 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.

For 2018, the School matched its 2017 best GCSE results based on attainment with 73% of students passing both English and Maths. 82% of students obtained a Level 4+ in English whilst 80% obtained a Level 4+ in Maths. Science achieved 71% 2 or more Level 4 passes. At the point of writing this report, the DfE Progress measures are not available, so we are only able to comment on attainment.

The attainment of disadvantaged students improved in 2018 as shown in the table below. Closing the gap is a key objective for Birchwood High School. Every one of our 29 disadvantaged students went on to their chosen Sixth Form or FE College with all those eligible to study A-Level at Birchwood enrolling into our Sixth Form.

	2016	2017	2018
%L4 + En + Ma	N/A	40%	52%
%L5 + En + Ma	N/A	23%	26%
%L4 + En	N/A	57%	65%
%L4 + Ma	N/A	51%	65%
%P8 En	-0.62	-0.42	N/A
%P8 Ma	-0.28	-0.33	N/A
Overall Progress 8	-0.69	-0.67	N/A

A-Level students achieved 99.2% A*-E grades with 57% A*-B grades - well above national averages for state-funded Sixth Forms. In terms of Average Point Score, these matched our best A-Level and Level 3 BTEC results in 2017. The DfE awarded the average grade as C+ as it was in 2017.

The numbers applying for places in Year 7 has stayed at a similar number to 2017 (810 applications) but we enrolled 240 students and have stayed at our Pupil Admission Number for September. This was significantly better than in 2017 when we enrolled 200 students. Sixth Form enrolment also improved – we have 131 students in Year 12 compared to 106 in 2017. The Sixth Form now has 230 students versus 200 in 2017-18.

In 2017-18 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 94.8% compared to a national average of 94.6% - this was a drop from 2016-17 when attendance was 95.4%. The drop was due to snow and a flu epidemic in March 2018.

As a school, we are fully staffed which is not an easy achievement with the current difficulties in recruitment. Staffing in Science is particularly strengthened this year with no temporary staff. Staff turn-over is closely monitored and has averaged 14.5% full time equivalent teachers per year over the last three years.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Key Performance Indicators

Academic Performance Against Target

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

KPI	2017-18 Target	2017-18 Actual	2018-19 Target
Student Attainment GCSE L2			
Progress 8 Score	0.00	0.00	0.00
Attainment 8 Score per pupil DfE	49.1	49.1	49.1
Attainment 8 Score per pupil FFT 50*	49	49.1	47
Attainment 8 Score per pupil FFT 20*	53	49.1	51
% achieving grade 5 or above in English and maths	45%	50.4%	42%
% achieving grade 4 or above in English and maths	67%	72%	65%

KPI	2017-18 Target	2017-18 Actual	2018-19 Target
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Academic cohort and results

Average point score per academic entry expressed as an A level grade	C	C	C
Average point score per academic entry	30	29.39	30

Applied general cohort and results

Average point score per applied general entry expressed as a vocational grade	Dist	Dist-	Dist
Average point score per applied general entry	32	30.61	32

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

KPI	2017-18 Target	2017-18 Actual	2018-19 Target
Student Attendance and behaviour			
% overall attendance	>95	95.6	>95
% persistent absence (over 10% school days missed)	<10	8.9	<10
% persistent absence (over 15% school days missed)	<6	4.1	<6
% unauthorised absence	<0.9	0.9	<0.9
Fixed term exclusions (days per term)	<30	-17.5	<30

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 2017-18 was 1,139. The workable maximum number in the 6th form (Key stage 5 or years 12-13) is 300 and the aim is to maintain viability by recruiting a minimum of 200 students in key stage 5. The funded number of 6th form students in 2017-18 was 195.

Staff costs as a percentage of total income – The aim is to achieve staffing costs at 80% of total income (excl parental & CIF). In 2017-18 this metric was 89.0% (2016-17 83.3%) due in part to the impact of National Living Wage movements and a reduction to qualifying income year-on-year. The Academy is hopeful that this KPI figure can be improved through efficiencies, increasing pupil numbers and natural staff wastage over the next 3 years.

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 2017-18 the department made a small surplus of £24,380 (excluding overhead apportionment). Letting of the School facilities to the community has been outsourced to School Lettings Solutions since October 2017. This area overall produced a surplus in 2017-18 of £50,259.

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 2017-18 showed a deficit in the income and expenditure account of £301,091 excluding the restricted fixed asset fund and pension reserve.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Going Concern

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

FINANCIAL REVIEW

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2018 the Trust received £7,992,552 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £8,263,184 on general running costs and transferred £1,799 to support capital and improvement projects on the School site. The Academy brought forward from 2016-17, £Nil restricted funds and £1,400,957 unrestricted funding. The carry forward for 2017-18 is £Nil restricted funding and £1,099,866 unrestricted funding.

The Local Government Pension Scheme - the Academy is recognising an improved pension fund deficit of £1,270,000. 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 £1,099,866. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 was £1,099,866.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £1,520,345. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £600,000 to cover short term cash flow variances.

Investment policy

An Investment Policy was last approved by the Board of Trustees in June 2018.

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

Principal risks and uncertainties

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2018

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 uncertainties being levels of sickness and maternity.

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

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

PLANS FOR FUTURE PERIODS

Birchwood is ambitious in its intent. It sets KPIs for the top 20% of schools in England and Wales. It aims to have all lessons observed in 2018-19 to be at least good. Where the teaching is not yet deemed to be at this level, coaching sessions are in place and clear Performance Management objectives are engaging improvement. The current forecast data for year 11 indicates that 82% of students will achieve 5 or more standard passes including English and Maths. Birchwood's cohorts very much reflect the national average in terms of ability on intake at KS2. The data also suggests that the Progress will be above 0.0 and detailed interventions are taking place at whole school level and classroom level to ensure this is taking place. A mentoring scheme has been implemented at Year 11 and this is being rolled out further as it is showing signs of success. At Post 16, we expect A-Level students to achieve in line or above national average. We seek a Level 3 value-added score of above 0.00. The Sixth Form has had a robust recruitment drive and this has increased numbers significantly. This alongside increased leadership capacity and a sharp focus on 6th Form quality assurance is enabling us to see encouraging progress in this already strong area. Financially the school is very aware of the pressures and is looking at actions with regards to staffing and reviewing the curriculum to ensure value for money.

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.

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FOR THE YEAR ENDED 31 AUGUST 2018

PROVISION OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report, incorporating a strategic report, was approved by the Board of Trustees, on 12 December 2018 and signed on its behalf by:

Mr M Stocker
Chair

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Dr C Ingate	7	7
Mr M Stocker	4	7
Mr A Hazell	4	7
Dr N Prior	1	7
Dr A Swanepoel	7	7
Mr A Sherriff	7	7
Mrs E White	6	7
Mrs S Gubb	5	7
Mrs J Gallagher	6	7
Mr R Noblett	7	7
Ms C Gater	7	7
Ms L Newland	6	7
Ms K Pritchard	7	7
Mr J Smith	5	7
Mr J Winter	6	7
Mr F Gray	2	7
Mrs R Crowland	7	7
Miss S J Eastwood	2	5
Mr L Bothwell	1	1
Mr M Phillips	1	1
Mrs H Scotcher	2	3
Mrs L Watkins	2	3

2 Staff Governors resigned for personal reasons or left the school and 2 Staff Governors were elected; 3 Parent Governors terms of office ended and 2 more were elected by parents; 2 Community Governors terms of office ended and they were reappointed by the Trustees; 3 further Community Governors were appointed by the Trustees. The Board of Trustees currently has vacancies for 1 Parent Governor.

The Board of Trustees continues to challenge the Senior Leadership Team to deliver the improvements required in the May 2017 Ofsted inspection. School leaders are confident that the work since the Ofsted judgment in 2017 will lead to significant improvements in time for the next inspection due by the summer of 2019.

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

Recent appointments will ensure that the Board of Trustees continues to provide robust challenge of School leaders.

A self-evaluation of Governance will be carried out during the 2018-19 academic year in accordance with section 1.5.17 of the Academies Financial Handbook 2018.

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GOVERNANCE STATEMENT (continued)

Finance & Estates Committee:

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

The decision in 2016-17 to merge the Finance and Estates Committees into a single entity in 2017-18 has been implemented to make it easier to achieve a quorum and to allow the financial aspects of capital and site works to be considered.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Hazell	5	5
Mr M Stocker (Chair)	3	5
Mrs R Crowland	3	5
Ms C Gater	1	5
Mr A Sherriff	4	5
Mr J Smith	4	5

Audit Committee:

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

The Committee is composed of the Chairs of the other Governing Body committees. Minor changes occur periodically if the committee chairs change. The Committee has considered the frequency of its meetings and has taken the decision to increase the meeting from 2 to 3 annually to allow consideration of risk management and internal controls evaluation on a termly basis.

Attendance at meetings in the year was as follows:

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Instigating and participating in tender exercises for:
 - o Water and sewerage through a joint procurement exercise with other local schools.
 - o Outsourced contract cleaning – through a formal OJEU compliant tender exercise in conjunction with Hertfordshire County Council Contract Services;
- outsourcing management of its lettings services to an external company. This was to streamline bookings and invoicing and reduce costs of lettings staff; and
- collaborating informally with local schools. The Academy 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 2017 to 31 August 2018 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 2017 to 31 August 2018 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.

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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

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

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

The Internal Auditor provided a schedule of works tailored to meet the requirements of the Academies Financial Handbook 2017. The schedule was reviewed and approved by the Audit Committee.

The reports of the Internal Auditor and the Academy's responses and actions are considered by the Audit Committee. Minor recommendations for strengthening internal controls have been made and acted upon. During the period the Internal Auditor reported that financial accounting system generated data was not circulated to Governors (to avoid the risk of data being manipulated); debtors greater than 60 days old were identified; it could not be confirmed that an independent check had been carried out of the Academy's Fixed Asset Register; the Board of Trustees had not formally reviewed and discussed the 'Dear Accounting Officer' letters published since 1st September 2017. All these issues have been remedied during the 2017-18 financial year.

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- 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 12 December 2018 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2017.

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

Dr C Ingate
Accounting Officer

Date: 12 December 2018

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 12 December 2018 and signed on its behalf by:

Mr M Stocker
Chair

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

OPINION

We have audited the financial statements of Birchwood High School (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report .

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

USE OF OUR REPORT

This Report is made solely to the Academy 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 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 the Academy Members, as a body for our audit work, for this Report, or for the opinions we have formed.

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
Hertfordshire
CM23 3BT

12 December 2018

BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 7 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Birchwood High School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Birchwood High School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Birchwood High School and the ESFA, for our work, for this Report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Birchwood High School's funding agreement with the Secretary of State for Education dated 1 November 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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

12 December 2018

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	16,827	341,318	43,601	401,746	301,789
Charitable activities	3	378,605	7,040,964	-	7,419,569	7,683,219
Other trading activities	4	167,870	-	-	167,870	233,512
Investments	5	3,367	-	-	3,367	3,247
TOTAL INCOME		<u>566,669</u>	<u>7,382,282</u>	<u>43,601</u>	<u>7,992,552</u>	<u>8,221,767</u>
EXPENDITURE ON:						
Charitable activities		867,760	7,611,483	610,230	9,089,473	8,861,344
TOTAL EXPENDITURE	6	<u>867,760</u>	<u>7,611,483</u>	<u>610,230</u>	<u>9,089,473</u>	<u>8,861,344</u>
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between funds	16	(301,091)	(229,201)	(566,629)	(1,096,921)	(639,577)
		-	(1,799)	1,799	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(301,091)	(231,000)	(564,830)	(1,096,921)	(639,577)
Actuarial gains on defined benefit pension schemes	21	-	446,000	-	446,000	1,419,000
NET MOVEMENT IN FUNDS		<u>(301,091)</u>	<u>215,000</u>	<u>(564,830)</u>	<u>(650,921)</u>	<u>779,423</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,400,957	(1,485,000)	10,492,807	10,408,764	9,629,341
TOTAL FUNDS CARRIED FORWARD		<u><u>1,099,866</u></u>	<u><u>(1,270,000)</u></u>	<u><u>9,927,977</u></u>	<u><u>9,757,843</u></u>	<u><u>10,408,764</u></u>

BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)
REGISTERED NUMBER: 07791971

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		9,927,977		10,492,807
CURRENT ASSETS					
Debtors	13	212,244		221,380	
Cash at bank and in hand	19	1,520,345		2,141,440	
		<u>1,732,589</u>		<u>2,362,820</u>	
CREDITORS: amounts falling due within one year	14	(607,723)		(911,863)	
NET CURRENT ASSETS			<u>1,124,866</u>		<u>1,450,957</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,052,843</u>		<u>11,943,764</u>
CREDITORS: amounts falling due after more than one year	15		(25,000)		(50,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>11,027,843</u>		<u>11,893,764</u>
Defined benefit pension scheme liability	21		(1,270,000)		(1,485,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,757,843</u>		<u>10,408,764</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability		9,927,977		10,492,807	
Pension reserve		(1,270,000)		(1,485,000)	
Total restricted income funds			<u>8,657,977</u>		<u>9,007,807</u>
Unrestricted income funds	16		1,099,866		1,400,957
TOTAL FUNDS			<u>9,757,843</u>		<u>10,408,764</u>

The financial statements on pages 22 to 42 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

Mr M Stocker
Chair

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	18	(612,484)	(40,128)
Cash flows from investing activities:			
Interest received		3,247	2,593
Capital expenditure		(30,459)	(142,650)
Capital grants from DfE Group		43,601	29,560
Net cash provided by/(used in) investing activities		<u>16,389</u>	<u>(110,497)</u>
Cash flows from financing activities:			
Repayments of borrowings		(25,000)	-
Net cash used in financing activities		<u>(25,000)</u>	<u>-</u>
Change in cash and cash equivalents in the year		(621,095)	(150,625)
Cash and cash equivalents brought forward		<u>2,141,440</u>	<u>2,292,065</u>
Cash and cash equivalents carried forward		<u><u>1,520,345</u></u>	<u><u>2,141,440</u></u>

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

1.2 Company status

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

1.3 Fund accounting

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

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

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

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

1.4 Income

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

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

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

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

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

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

BIRCHWOOD HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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

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

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold buildings	-	23 years straight line, 30 years straight line for additions
Furniture and fixtures	-	5 -15 years straight line

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

1.8 Operating leases

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

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(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

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

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

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

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

1.15 Agency arrangements

The Academy acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 24.

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2018. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	16,827	341,318	-	358,145	272,229
Capital grants	-	-	43,601	43,601	29,560
	<u>16,827</u>	<u>341,318</u>	<u>43,601</u>	<u>401,746</u>	<u>301,789</u>
Total 2017	<u>9,937</u>	<u>262,292</u>	<u>29,560</u>	<u>301,789</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,734,442	6,734,442	7,003,319
Other DfE / ESFA grants	-	251,935	251,935	263,100
	<u>-</u>	<u>6,986,377</u>	<u>6,986,377</u>	<u>7,266,419</u>
Other government grants				
Local Authority grants	-	54,587	54,587	44,219
	<u>-</u>	<u>54,587</u>	<u>54,587</u>	<u>44,219</u>
Other funding				
Catering Income	378,605	-	378,605	372,581
	<u>378,605</u>	<u>-</u>	<u>378,605</u>	<u>372,581</u>
	<u>378,605</u>	<u>7,040,964</u>	<u>7,419,569</u>	<u>7,683,219</u>
Total 2017	<u>372,581</u>	<u>7,310,638</u>	<u>7,683,219</u>	

BIRCHWOOD HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	101,617	101,617	165,359
Rental income	-	-	1,794
Music fees	28,333	28,333	25,368
Other income	37,920	37,920	40,991
	<u>167,870</u>	<u>167,870</u>	<u>233,512</u>
Total 2017	<u>233,512</u>	<u>233,512</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	2,839	2,839	2,593
Investment income	528	528	654
	<u>3,367</u>	<u>3,367</u>	<u>3,247</u>
Total 2017	<u>3,247</u>	<u>3,247</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of Education:					
Direct costs	5,350,752	-	820,696	6,171,448	5,881,713
Support costs	1,341,863	952,105	624,057	2,918,025	2,979,631
	<u>6,692,615</u>	<u>952,105</u>	<u>1,444,753</u>	<u>9,089,473</u>	<u>8,861,344</u>
Total 2017	<u>6,477,434</u>	<u>1,081,776</u>	<u>1,302,134</u>	<u>8,861,344</u>	

In 2017, of total expenditure, £591,399 was to unrestricted funds, £7,671,724 was to restricted funds and £598,221 was to restricted fixed asset funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. CHARITABLE ACTIVITIES

	2018	2017
	£	£
Direct costs	6,171,448	5,881,713
Support costs	2,918,025	2,979,631
	<u>9,089,473</u>	<u>8,861,344</u>
	<u>9,089,473</u>	<u>8,861,344</u>

Analysis of support costs	2018	2017
	£	£
Support staff costs	1,341,863	1,300,803
Depreciation	595,289	598,221
Technology costs	46,847	52,203
Premises costs (excluding depreciation)	356,816	483,555
Other support costs	543,416	522,782
Governance costs	33,794	22,067
	<u>2,918,025</u>	<u>2,979,631</u>
	<u>2,918,025</u>	<u>2,979,631</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the Academy	595,289	598,221
Auditors' remuneration - audit	6,930	6,750
Auditors' remuneration - other services	4,370	4,200
Internal audit costs	1,565	1,492
Operating lease rentals	25,705	25,705
	<u>25,705</u>	<u>25,705</u>
	<u>25,705</u>	<u>25,705</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,930,888	4,764,432
Social security costs	476,267	461,832
Operating costs of defined benefit pension schemes	1,051,922	983,536
	6,459,077	6,209,800
Supply staff costs	233,538	234,479
Staff restructuring costs	-	33,155
	6,692,615	6,477,434
Staff restructuring costs comprise:		
Redundancy payments	-	33,155
	-	33,155

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	91	88
Administration & support	75	82
Management	8	8
	174	178
	174	178

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	83	86
Administration & support	52	55
Management	8	8
	143	149
	143	149

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	4	2
In the band £ 70,001 - £ 80,000	1	1
In the band £100,001 - £110,000	1	1

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS (continued)

d. Key management personnel

The Key Management Personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits received by Key Management Personnel for their services to the Academy was £800,630 (2017 - £801,764).

Employer pension contributions included within key management personnel remuneration was £97,571 (2017 - £106,479)

Employer national insurance contributions included within key management personnel remuneration was £73,640 (2017 - £72,954)

10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other 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:

		2018	2017
		£	£
Dr C Ingate	Remuneration	100,000 - 110,000	100,000 - 110,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
Mr R Noblett	Remuneration	35,000 - 40,000	30,000 - 35,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Ms L Newland	Remuneration	15,000 - 20,000	15,000 - 20,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Ms S Eastwood	Remuneration	30,000 - 35,000	NIL
	Pension contributions paid	NIL	NIL
Mr L Bothwell	Remuneration	5,000 - 10,000	NIL
	Pension contributions paid	0 - 5,000	NIL
Mr M Phillips	Remuneration	5,000 - 10,000	NIL
	Pension contributions paid	0 - 5,000	NIL
Ms G Flint	Remuneration	NIL	20,000 -25,000
	Pension contributions paid	NIL	0 - 5,000

During the year ended 31 August 2018, travel and subsistence expenses totalling £370 were reimbursed or paid directly to 2 Trustees (2017 - £NIL)

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practise the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 and details of the costs are included in insurance costs.

BIRCHWOOD HIGH SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2017	12,284,543	964,812	23,800	580,832	13,853,987
Additions	1,385	10,404	-	18,670	30,459
At 31 August 2018	<u>12,285,928</u>	<u>975,216</u>	<u>23,800</u>	<u>599,502</u>	<u>13,884,446</u>
Depreciation					
At 1 September 2017	2,469,368	501,746	7,126	382,940	3,361,180
Charge for the year	425,933	103,332	2,500	63,524	595,289
At 31 August 2018	<u>2,895,301</u>	<u>605,078</u>	<u>9,626</u>	<u>446,464</u>	<u>3,956,469</u>
Net book value					
At 31 August 2018	<u>9,390,627</u>	<u>370,138</u>	<u>14,174</u>	<u>153,038</u>	<u>9,927,977</u>
At 31 August 2017	<u>9,815,175</u>	<u>463,066</u>	<u>16,674</u>	<u>197,892</u>	<u>10,492,807</u>

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

13. DEBTORS

	2018 £	2017 £
Trade debtors	4,716	34,843
VAT recoverable	25,253	54,055
Other debtors	1,000	4,290
Prepayments and accrued income	181,275	128,192
	<u>212,244</u>	<u>221,380</u>

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	125,611	351,622
Other taxation and social security	122,817	119,518
Other creditors	158,713	152,193
Accruals and deferred income	200,582	288,530
	<u>607,723</u>	<u>911,863</u>
Deferred income		
Deferred income at 1 September 2017	168,021	169,876
Resources deferred during the year	146,803	168,021
Amounts released from previous years	(168,021)	(169,876)
Deferred income at 31 August 2018	<u>146,803</u>	<u>168,021</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

	2018 £	2017 £
Other creditors	25,000	50,000

Amounts falling due after more than one year represent the balance of a loan granted by the Educational and Skills Funding Agency under the Condition Improvement Fund. The loan is provided at a rate of 1.56% and will be fully repaid in August 2020.

16. STATEMENT OF FUNDS

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	1,400,957	566,669	(867,760)	-	-	1,099,866
Restricted funds						
General Annual Grant (GAG)	-	6,734,442	(6,732,643)	(1,799)	-	-
Other DfE/ESFA grants	-	251,935	(251,935)	-	-	-
Other Government grants	-	54,587	(54,587)	-	-	-
Restricted donations	-	27,752	(27,752)	-	-	-
Educational visits	-	313,566	(313,566)	-	-	-
Pension reserve	(1,485,000)	-	(231,000)	-	446,000	(1,270,000)
	<u>(1,485,000)</u>	<u>7,382,282</u>	<u>(7,611,483)</u>	<u>(1,799)</u>	<u>446,000</u>	<u>(1,270,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	10,492,807	-	(595,289)	30,459	-	9,927,977
Capital grants	-	43,601	(14,941)	(28,660)	-	-
	<u>10,492,807</u>	<u>43,601</u>	<u>(610,230)</u>	<u>1,799</u>	<u>-</u>	<u>9,927,977</u>
Total restricted funds	<u>9,007,807</u>	<u>7,425,883</u>	<u>(8,221,713)</u>	<u>-</u>	<u>446,000</u>	<u>8,657,977</u>
Total of funds	<u><u>10,408,764</u></u>	<u><u>7,992,552</u></u>	<u><u>(9,089,473)</u></u>	<u><u>-</u></u>	<u><u>446,000</u></u>	<u><u>9,757,843</u></u>

BIRCHWOOD HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. 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.

Other DfE/ESFA grants

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

Educational visits

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

Restricted donations

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

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.

Capital grants

The Academy is to use Capital income to improve its buildings and facilities.

General Annual Grant (GAG)

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

BIRCHWOOD HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
General funds						
Unrestricted funds	1,373,079	619,277	(591,399)	-	-	1,400,957
Restricted funds						
General Annual Grant (GAG)	-	7,003,319	(6,901,113)	(102,206)	-	-
Other DfE/ESFA grants	-	263,100	(263,100)	-	-	-
Other Government grants	-	44,219	(44,219)	-	-	-
Restricted donations	-	42,012	(42,012)	-	-	-
Educational visits	-	220,280	(220,280)	-	-	-
Pension reserve	(2,703,000)	-	(201,000)	-	1,419,000	(1,485,000)
	<u>(2,703,000)</u>	<u>7,572,930</u>	<u>(7,671,724)</u>	<u>(102,206)</u>	<u>1,419,000</u>	<u>(1,485,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	10,959,262	-	(598,221)	131,766	-	10,492,807
Capital grants	-	29,560	-	(29,560)	-	-
	<u>10,959,262</u>	<u>29,560</u>	<u>(598,221)</u>	<u>102,206</u>	<u>-</u>	<u>10,492,807</u>
Total restricted funds	<u>8,256,262</u>	<u>7,602,490</u>	<u>(8,269,945)</u>	<u>-</u>	<u>1,419,000</u>	<u>9,007,807</u>
Total of funds	<u><u>9,629,341</u></u>	<u><u>8,221,767</u></u>	<u><u>(8,861,344)</u></u>	<u><u>-</u></u>	<u><u>1,419,000</u></u>	<u><u>10,408,764</u></u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	9,927,977	9,927,977
Current assets	1,099,866	632,723	-	1,732,589
Creditors due within one year	-	(607,723)	-	(607,723)
Creditors due in more than one year	-	(25,000)	-	(25,000)
Provisions for liabilities and charges	-	(1,270,000)	-	(1,270,000)
	<u>1,099,866</u>	<u>(1,270,000)</u>	<u>9,927,977</u>	<u>9,757,843</u>

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FOR THE YEAR ENDED 31 AUGUST 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,096,921)	(639,577)
Adjustment for:		
Depreciation charges	595,289	598,221
Interest received	(3,247)	(2,593)
Decrease in debtors	9,136	107,779
Decrease in creditors	(304,140)	(275,398)
Capital grants from DfE and other capital income	(43,601)	(29,560)
Pension adjustment	231,000	201,000
Net cash used in operating activities	<u>(612,484)</u>	<u>(40,128)</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,520,345	2,141,440
Total	<u>1,520,345</u>	<u>2,141,440</u>

20. MEMBERS' LIABILITY

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

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FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS

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

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

Contributions amounting to £106,674 were payable to the schemes at 31 August 2018 (2017 - 105,720) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge;
- 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%.

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

The employer's pension costs paid to TPS in the period amounted to £ 560,926 (2017 - £551,670).

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 an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

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21. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £374,000 (2017 - £357,000), of which employer's contributions totalled £298,000 (2017 - £284,000) and employees' contributions totalled £76,000 (2017 - £73,000). 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):

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.50 %	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.6	22.5
Females	24.9	24.9
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

As at 31 August 2018 the Academy had pension obligations of £5,149,000 (2017 - £4,856,000). The sensitivity analysis detailed below would increase / (decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	(113,000)	(107,000)
Discount rate -0.1%	113,000	107,000
Mortality assumption - 1 year increase	62,000	39,000
Mortality assumption - 1 year decrease	(62,000)	(39,000)
CPI rate +0.1%	103,000	87,000
CPI rate -0.1%	(103,000)	(87,000)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,056,000	2,191,150
Bonds	1,358,000	842,750
	-	-
Property	310,000	235,970
Cash and other liquid assets	155,000	101,130
Total market value of assets	3,879,000	3,371,000

The actual return on scheme assets was £ 190,000 (2017 - £461,000).

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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(489,000)	(430,000)
Interest income	88,000	56,000
Interest cost	(128,000)	(111,000)
	<u> </u>	<u> </u>
Total	<u><u>(529,000)</u></u>	<u><u>(485,000)</u></u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,856,000	5,357,000
Current service cost	489,000	430,000
Interest cost	128,000	111,000
Employee contributions	76,000	73,000
Actuarial gains	(344,000)	(1,014,000)
Benefits paid	(56,000)	(101,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>5,149,000</u></u>	<u><u>4,856,000</u></u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,371,000	2,654,000
Interest income	88,000	56,000
Actuarial gains	102,000	405,000
Employer contributions	298,000	284,000
Employee contributions	76,000	73,000
Benefits paid	(56,000)	(101,000)
	<u> </u>	<u> </u>
Closing fair value of scheme assets	<u><u>3,879,000</u></u>	<u><u>3,371,000</u></u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	24,370	25,196
Between 1 and 5 years	10,899	32,583
	<u> </u>	<u> </u>
Total	<u><u>35,269</u></u>	<u><u>57,779</u></u>

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23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions .

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.

The Accounting Officer is a Trustee of Herts Cam. During the year ended 31 August 2018 income totalling £9,038 (2017 - £413) was received for consultancy and the use of the Academy's staff. Purchases totalling £8,550 (2017 - £7,775) were paid for teacher development training. Herts Cam have provided a statement of assurance confirming that the element above £2,500 was provided at no more than cost. As at 31 August 2018 an amount of £1,360 was due from Herts Cam (2017 - £413).

The Accounting Officer is also a regional representative of ASCL Professional Development Ltd. During the year ended 31 August 2018 income totalling £341 (2017 - £212) was received for expenses the Accounting Officer incurred in relation to his work for that company. Purchases totalling £NIL (2017 - £1,554) were made for the cost of conferences attended. As at 31 August 2018 an amount of £NIL (2017 - £NIL) was due to that company.

The Accounting Officer is also a facilitator for the National Professional Qualification for Headship course at University College London. During the year purchases totalling £1,500 (2017 - £NIL) were paid to University College London for a member of staff to take this course. As at 31 August 2018 an amount of £NIL (2017 - £NIL) was due to the University.

Alan Hazell, a Trustee, is a Director of Bishop's Stortford Community Football Club. During the year ended 31 August 2018, income totaling £5,471 (2017 - £32,036) was received from Bishop's Stortford Community Football Club for the use of the Academy's facilities. As at 31 August 2018 an amount of £NIL (2017 - £2,954) remained outstanding from the football club.

Alan Hazell, is also a Director of Bishop's Stortford Football Club. During the year ended 31 August 2018, purchases totalling £30,021 (2017 - £30,021) were paid to Bishop's Stortford Football Club for provision of football coaches. Bishop's Stortford Football Club have provided a statement of assurance confirming that the element above £2,500 was provided at no more than cost. As at 31 August 2018 an amount of £2,502 (2017 - £5,004) was due to the football club.

There were no other related party transactions in the year.

24. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the Academy received £14,724 and disbursed £7,497 from the fund. An amount of £26,226 (2017 - £18,999) is included in other creditors relating to undistributed funds that is repayable to ESFA.