

**BIRCHWOOD HIGH SCHOOL**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2015**

**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 2015**

<b>Members/Trustees</b>	Dr C Ingate, Headteacher (ex officio) Mr M Stocker, Chair, Community Governor Mrs E Field, Community Governor (Vice Chair) (resigned 8 September 2015) Mr D Brown, Support Staff Governor Mrs M Colville, Parent Governor (resigned 31 August 2015) Mr B Cotton, Community Governor Mr A Hazell, Community Governor Mrs K Marshall, Community Governor Mr R Newman, Teaching Staff Governor Mr D Nicholas, Community Governor Dr N Prior, Community Governor Mrs J Stewart, Community Governor Dr A Swanepoel, Parent Governor Mr P Winter, Teaching Staff Governor (resigned 31 March 2015) Mr C Woodward, Community Governor Mr A Sherriff, Parent Governor Mrs E White, Parent Governor Mrs S Gubb, Parent Governor Mr L Fiello, Parent Governor Ms P Mead, Community Governor (appointed 1 June 2015) Mrs J Gallagher, Parent Governor (appointed 5 January 2015) Mr R Noblett, Teaching Staff Governor (appointed 31 March 2015)
<b>Company Secretary</b>	Mrs E Luxton
<b>Senior Leadership Team</b>	Dr C Ingate, Headteacher Mr G Handy, Deputy Headteacher Mr C Gilbank, Deputy Headteacher Mrs V Hill, Assistant Headteacher Mrs M Mulley, Assistant Headteacher Ms L Price, Assistant Headteacher Mr C Heydinger, Head of Senior School (seconded) Mrs E Luxton, Business Manager/Advisor to the Trustees Ms J White, Personnel Manager Mr D Jones, Head of P.E. (seconded) Mr M Phillips, Senior Teacher (seconded) Ms V Bowman, Head of EPA (seconded)
<b>Chief Executive Officer</b>	Dr C Ingate
<b>Registered and principal office</b>	Parsonage Lane Bishop's Stortford CM23 5BD
<b>Company registered number</b>	07791971
<b>Independent Auditors</b>	Price Bailey LLP Causeway House 1 Dane Street Bishop's Stortford CM23 3BT
<b>Bankers</b>	Lloyds TSB 31 Fore Street Taunton Somerset TA1 1HN

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**Administrative details (continued)**

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

**BIRCHWOOD HIGH SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees present their Annual Report together with the financial statements and Auditors' Report of Birchwood High School (the Charitable Company, the Trust or Academy) for the period 1st September 2014 to 31 August 2015.

The Annual Report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Charitable Company operates an academy for pupils aged 11-19 serving the catchment area of Bishops' Stortford and surrounding villages. It has a pupil capacity of 1,500 (including 6th form) and a roll of 1,438 in the 2015 school census.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

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

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

### **Member's liability**

In accordance with the Memorandum and Articles of Association all Trustees are members of the Academy Trust.

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

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance is in place with Ecclesiastical Insurance Office and provides cover up to £5,000,000 on any one claim and in the aggregate of any one period. The details of the costs are disclosed in Note 11 to the accounts.

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

Trustees are appointed for a fixed term. The Headteacher is an ex officio member of the Board of Trustees. Parent Governors (a minimum of 2 and a maximum of 6) and Staff Governors (2 teachers and 1 support staff) are elected to office or appointed if there are insufficient candidates offering themselves for election. Community Governors (a minimum of 6 and a maximum of 10) are appointed by the Board of Trustees. The Trustees can appoint up to 3 co-opted Governors (co-opted Governors cannot take part in co-opting other Governors and employees cannot be co-opted if the total number of staff Governors would exceed one third of the total).

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

New Trustees are issued with an induction pack that contains terms of reference for all committees, a description of the role of a Trustee, the Academy Funding Agreement and Articles of Association and the timetable of meetings. 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". 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 within 6 months of appointment.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**Organisational Structure**

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

The Board of Trustees, which meets on at least 4 occasions per year, is responsible for the strategic direction of the Academy. The Board of Trustees reviews progress towards educational objectives and results. They also approve major expenditure requests, set the budget for the following year, and set the organisational staffing structure, agree the performance objectives of the Headteacher with the School Improvement Partner, and review them.

The Headteacher is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher 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 is in place to manage this process.

The Headteacher 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 Headteacher and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

**Connected Organisations and Related Parties**

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. All Trustees complete the Register of Business Interests and Declaration of Gifts and Hospitality which is available for scrutiny on the School website. Declarations of Interest are called for, minuted at every Board of Trustees meeting including all committees and acted upon according to the Articles of Association. Any transaction where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

Details of connected organisations are shown in the Funds Held As Custodian Trustee On Behalf Of Others below.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The objects of Birchwood High School are detailed in article 4 of company's Articles of Association. The principal aim of the Charitable Company is the operation of Birchwood High 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 educational 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 review;
- 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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

- Valuing diversity and seeking to give everyone in the School an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination or prejudice.
- Working together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit Birchwood High School.
- Ensuring that students are happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at School.
- Teaching them to be independent learners who are aware of how to learn and who understand the role of emotions and dispositions in the learning process, and who can draw on to these address challenge and difficulty, as well as success.
- Ensuring that all staff have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers enthuse and inspire others to explore new ideas.
- Working in partnership with parents to enable them to fulfil their roles as true partners, recognizing their role in the student - school – parent partnership with the aim that every child realizes his/her potential.
- 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 and have developed 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.

**Public Benefit**

The Board of Trustees have complied with their duty to have due regard to the guidance on public benefit in exercising their powers and duties as published by the Charity Commission. The key aim of the Board of Trustee is the advancement of non-selective secondary education through the provision of a broad curriculum, pastoral care and enrichment for the students at Birchwood High School.

The public benefit of this provision is identifiable in the educational attainment of our students as published on our website annually.

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 as detailed in the Board of Trustees Lettings Policy.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**STRATEGIC REPORT**

Achievements and performance –

- In 2014-15 64% of year 11 students achieved 5 or more A\*-C grades at GCSE including English and Maths; this compares to the national figure of 55% so the School achieved 9% above national average with a broadly national average year group (KS2 28.1 Average Point Score). This compares to 67% of year 11 students who achieved 5 or more A\*-C grades at GCSE including English and Maths in 2014.
- In 2014-15, A-Level students achieved 99.7% A\*-E grades with 61% A\*-B grades - well above national averages for state-funded Sixth Forms. This compares to 99.1% A\*-E grades with 53% A\*-B grades in 2013-14.
- The numbers applying for places in Year 7 has steadily increased from 690 in 2012 to 930 for 240 places in 2014 – in September 2015, 240 students enrolled with a continued interest list of 49 applicants. The Sixth Form also grew from 235 students in 2014/15 to 268 students in 2015/16.
- In 2014-15 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 were offered careers guidance. There were no 'NEETs' at the end of Year 13 and all Year 11 students who did not have places in the Sixth Form, went to FE College to study suitable courses.
- Student Attendance improved from 95.1% to 95.3% and is currently standing at 97.2%.
- As a school, we remain fully staffed which is not an easy achievement with the current difficulties in recruitment. Staff turn-over is closely monitored and has averaged 9 full time equivalent teachers per year over the last three years (9.3%).

**Key Performance Indicators**

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

The key student indicators for 2016 are:

Student Attainment – GCSE:

- 78% 5A\*-C
- 98% 5A\*-G
- 70% 5A\*-C Incl. English and Maths
- % 2+ A\*-C Science
- 40.66 Average Point Score

Student Attainment - A level:

- 53% 2A\*-B
- 79% 2A\*-E
- 717 Target Point S core
- 238 Average Point Score

Student Progress:

- 83% Expected Progress in Maths
- 45% More than expected Progress in Maths
- 78% Expected Progress in English
- 40% More than expected Progress in English

We also similarly track the progress of disadvantaged students (Pupil Premium) and Special Educational Needs code of Practice students.

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

- >95% Overall Attendance
- < 6% Persistent Absence (between 15% and 20% of school days missed)
- < 3% Persistent Absence (over 20% of school days missed)
- < 0.9% Unauthorised absence
- On Call Maximum Average p/wk - 26
- Exclusions Fixed Term - 30 days per term

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

The key financial performance indicators are:

- 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 2014-15 was 1181. The workable maximum number in the 6th form (years 12-13) is 300 and the aim is to maintain viability by recruiting a minimum of 200 students in key stage 5. The funded number of 6th form students in 2014-15 was 215.
- Staff costs as a percentage of GAG income – The aim is to achieve staffing costs at 80% or less of GAG funding. In 2014-15 this metric was 82.47% due in part to the removal of the employer's national insurance rebate and increased costs for agency supply teachers to cover staff absence. The academy is targeting that this figure is reduced to 80% by the introduction of cover supervisors to replace agency teachers and some staff natural wastage.
- Catering and lettings profitability – Catering aims to break even with the income from the sale of meals to student/staff matching the cost of staff, provisions, catering consumables plus kitchen repairs and maintenance. At the end of 2014-15 the department incurred a small loss of £1,928 after absorbing the cost of providing Free School Meals. Letting of the School facilities to the community aims to produce a net profit margin of 25%. In 2014-15 the net profit margin was 26% or £37162. This figure is less than 2013-14 due to the introduction of new lettings rates and additional staff to cover lettings more effectively.
- Final outturn against projected budget outturn – the School aims to live within its means and balance in year income and expenditure.

**Going concern**

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

**FINANCIAL REVIEW**

The majority of the Academy's income was obtained from the Education Funding Agency (EFA) in the form of the General Academies Grant (GAG), the use of which was restricted to particular purposes.

The grants received from the EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Fixed assets in the form of buildings, fixtures and fittings, IT and vehicles are shown in the restricted fixed asset fund balance which is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the 12 months ended 31 August 2015 the excess of expenditure over income for the period was £(509,723) including fixed assets less depreciation and pension liability.

At 31 August 2015 the net book value of fixed assets was £11,377,876. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net pension liability of £1,575,000.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**Reserves policy**

The Trustees are aware of the requirement to balance current and future needs. They always aim to set a balanced budget with annual income balancing annual expenditure.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,380,765. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £1,963,431. The Trustees have determined that they should hold a minimum cash contingency equivalent to one month's payroll expenditure, approximately £500,000.

At 31 August 2015 the Academy's reserves were higher than the stated policy in order to cover funding turbulence during the period of uncertainty generated by Government austerity measures and School Funding reforms. The phased introduction of the Living Wage starting in April 2016 will create significant financial pressures on the Academy budget as the salaries of our lowest paid workers increase to around £9.20 per hour by 2020. The Academy will need to take into account the pay differentials between different grades of support staff however it is not possible to calculate accurately the effect of this change although it could run into several £100,000. Our reserves will allow the School to build in efficiency savings over a longer period in order to mitigate these risks and maintain the quality of education that we currently offer to our students.

The Academy has set aside sums for capital works:

- The Academy has a 5 year maintenance plan which includes replacing the windows in C block and further upgrades to the dining room.
- Remodelling of the science labs continues under this rolling programme. The second phase was completed in August 2015 and further works are planned for future years.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £1,575,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

**Investment policy**

An Investment Policy was approved by the Board of Trustees in June 2013.

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 Academy does 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 management process is undertaken on an annual basis and the internal control systems and the exposure to these 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

- The Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Trustees ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures 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 checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy Audit Committee 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. Overall, 92% of lessons observed in 2014-15 were good or better

Current forecast data for 2016 shows that year 11 70% of students should achieve 5 or more A\*-C grades with our aspirational target being 75%. Birchwood's cohorts very much reflect the National Average in terms of ability on intake at KS2.

At Post 16, we expect A-Level students to achieve 100% A\*-E grades, 63% A\*-B grades and an Average Points Score per entry of 230 points. National averages are 97%, 44% and 214 points respectively.

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

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**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.

Trustees' Report, incorporating a Strategic Report, approved by the Board of Trustees, on 1 December 2015 and signed on its behalf by:

**Mr M Stocker**  
Chair of Governing Body

**BIRCHWOOD HIGH SCHOOL**  
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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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 Trustees' Responsibilities Statement. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr C Ingate	5	5
Mr M Stocker	5	5
Mrs E Field	5	5
Mr D Brown	4	5
Mrs M Colville	4	5
Mr B Cotton	4	5
Mr A Hazell	5	5
Mrs K Marshall	5	5
Mr R Newman	5	5
Mr D Nicholas	5	5
Dr N Prior	2	5
Mrs J Stewart	5	5
Dr A Swanepoel	3	5
Mr P Winter	0	2
Mr C Woodward	3	5
Mr A Sherriff	5	5
Mrs E White	4	5
Mrs S Gubb	3	5
Mr L Fiello	4	5
Ms P Mead	1	2
Mrs J Gallagher	3	3
Mr R Noblett	3	3

**Governance reviews:**

During the year the Board of Trustees carried out a self-review and identified a gap in Trustee competencies regarding legal matters. Local businesses were approached and a new Governor with legal expertise was appointed in June 2015. The term of office of several Trustees came to an end and elections for staff and parent Governors were held which resulted in the appointment of Trustees with significant educational experience. One Trustee reaching the end of the term of office was co-opted back onto the Board because of the considerable business and management experience that this would bring to the School.

In February the Trustees carried out a review of the structure of the SLT and recommended a change to leadership titles to Principal / Deputy Principal / Assistant Principal / Business Manager / HR Manager from September 2015 to reflect a more modern and internationally recognised nomenclature as well as showing responsibility for both teaching and non-teaching staff.

Trustees also agreed that the SLT structure would change to a more vertical one of Principal, a single Deputy Principal with greater responsibility and 4 Assistant Principals. During the Academic Year 2015 /16 the Board of Trustees will look to appoint a Vice-Principal from the 4 Assistant Principals to take on a more significant role, with the capacity to support the Principal and Deputy Principal in terms of whole school accountability. The Board of Trustees believe that this structure is appropriate for the School but will review the structure of the SLT annually in order to ensure it has capacity and remains fit for purpose.

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**GOVERNANCE STATEMENT (continued)**

The most significant challenge that the Board of Trustees faced during the period was as a result of an Ofsted inspection in July 2015 where the leadership and governance of the School was criticised because, although students are safe in the school, insufficient priority had been given to ensuring that the relevant policies relating to the safety of students are robustly maintained and clearly accessible. Ofsted states that the “Governors are well informed about the overall attainment of students and subject areas. However, they have less knowledge of the progress groups of students are making throughout and across the school. Consequently, they are not holding school leaders to account in these areas as effectively as they should be”. This was specifically with regards to disadvantaged students who represent 11% of the school population.

Whilst overall attainment was seen as above average from broadly average starting points, the gap between disadvantaged and non-disadvantaged students was not narrowing sufficiently quickly. The Board of Trustees is determined that this issue will be addressed and remedied during 2016. To this end two independent reviews of governance and disadvantaged students have been commissioned for the Autumn Term. “Effective Governor” training for the Board of Trustees will also take place in the autumn term and Link Governor positions will be created for Training, Safeguarding, SEN, H&S, disadvantaged students, data and RAISEOnline, English, Maths and Science. A professional clerk to the Board of Trustees has been appointed from September 2015 and also an employed minute taker for the committees.

**Finance Committee:**

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

The committee meetings during the year included a meeting held jointly with the Estates Committee where a rolling programme of maintenance and refurbishment work was considered (see Review of Value for Money below) including an ambitious project to develop the detached playing field to provide additional sports facilities. The Trustees support the school’s vision and commitment to the project but only if it can be fully funded from outside sources thus making no call on the School budget during the current period of financial uncertainty.

The recent Ofsted report stated that “the Personnel and Finance Committees keep a close eye on the performance management systems and finances of the School. They effectively challenge School leaders to ensure that pay is linked securely to improved student achievement and that value for money is secured in all purchases and contracts”.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Marshall, Chair	5	5
Mr M Stocker	3	5
Mr L Ffello	4	5
Mr A Sherriff	5	5
Mr R Newman	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 proposed during the year that risk register that is currently complex and unwieldy should be revisited and simplified in order to allow proper and robust oversight of potential risks the School may face.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Marshall, Chair	3	3
Mrs E Field	3	3
Mr A Hazell	3	3
Mr R Newman	1	3
Mr D Nicholas	3	3
Mr M Stocker	2	3

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

**GOVERNANCE STATEMENT (continued)**

**REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the Trust'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 available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- During 2014-15 instigating and participating in tender exercises for:
  - Energy supplies.
  - Accounting and audit services.
  - LED lighting in the sports hall and B block.
  - Digital CCTV.
  - Purchase of a ground maintenance tractor.
- Further formal tender exercises will take during 2016 for:
  - Payroll and HR services.
  - Insurance services (to benchmark against the Risk Pooling Arrangement).
  - Cleaning services.
- During the year the Academy commissioned an independent review of non-staff expenditure. The report highlighted areas for improvement in IT and building maintenance purchasing. Contracts are now tested at every renewal date and savings have been achieved in IT consumable costs.
- The School collaborates informally with local schools:
  - Shared provision for vocational and academic education with the Leventhorpe School, Forest Hall School, Saffron Walden County High School.
  - 20 primary schools under the School Games Organiser programme
  - Joint bid with 5 local schools to sponsor a planned new secondary academy.
- During the year the School undertook a full review of lettings and the charges made for hiring out facilities. Post review changes mean that sports facility lettings out of school hours are approaching 100% and non-sports lettings are increasing.

**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 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

**GOVERNANCE STATEMENT (continued)**

**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.

The ICES'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 ICES reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

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

- the work of the Internal Control Evaluation Service;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 1 December 2015 and signed on its behalf, by:

**Mr M Stoker**  
Chair

**Dr C Ingate**  
Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Birchwood High School I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

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 (2014).

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

**Accounting Officer**

Date: 4 December 2015

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

**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 EFA/DfE have been applied for the purposes intended.

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

Approved by the Board of Trustees on 1 December 2015 and signed on its behalf by:

**Mr M Stocker**  
Chair

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

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

We have audited the financial statements of Birchwood High School for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Causeway House  
1 Dane Street  
Bishop's Stortford  
CM23 3BT  
4 December 2015

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

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

In accordance with the terms of our engagement letter dated 11 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Birchwood High School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Birchwood High School and EFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Birchwood High School's funding agreement with the Secretary of State for Education dated 1 November 2011, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

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

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

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Gary Miller (Reporting Accountant)

**Price Bailey LLP**  
Causeway House  
1 Dane Street  
Bishop's Stortford  
CM23 3BT

1 December 2015

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	4,296	223,829	-	228,125	227,675
Activities for generating funds	3	559,609	-	-	559,609	552,125
Investment income		5,891	-	-	5,891	7,879
Incoming resources from charitable activities		-	6,870,112	12,718	6,882,830	7,316,675
<b>TOTAL INCOMING RESOURCES</b>		<b>569,796</b>	<b>7,093,941</b>	<b>12,718</b>	<b>7,676,455</b>	<b>8,104,354</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		455,448	7,136,534	573,443	8,165,425	8,350,127
Governance costs	7	-	20,753	-	20,753	22,149
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>455,448</b>	<b>7,157,287</b>	<b>573,443</b>	<b>8,186,178</b>	<b>8,372,276</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		114,348	(63,346)	(560,725)	(509,723)	(267,922)
Transfers between funds	15	-	(180,318)	180,318	-	-
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>114,348</b>	<b>(243,664)</b>	<b>(380,407)</b>	<b>(509,723)</b>	<b>(267,922)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(46,000)	-	(46,000)	(300,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>114,348</b>	<b>(289,664)</b>	<b>(380,407)</b>	<b>(555,723)</b>	<b>(567,922)</b>
Total funds at 1 September 2014		1,266,417	(1,136,606)	11,767,285	11,897,096	12,465,018
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>1,380,765</b>	<b>(1,426,270)</b>	<b>11,386,878</b>	<b>11,341,373</b>	<b>11,897,096</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

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

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	12		11,377,876		11,759,872
<b>CURRENT ASSETS</b>					
Debtors	13	194,126		427,298	
Cash at bank and in hand		1,963,431		1,751,857	
		<u>2,157,557</u>		<u>2,179,155</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(619,060)		(559,931)	
		<u></u>	1,538,497	<u></u>	1,619,224
<b>NET CURRENT ASSETS</b>					
			<u>12,916,373</u>		
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	20		(1,575,000)		(1,482,000)
			<u>11,341,373</u>		
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>					
			<u><u>11,341,373</u></u>		
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds :					
Restricted funds	15	148,730		345,394	
Restricted fixed asset funds	15	11,386,878		11,767,285	
		<u>11,535,608</u>		<u>12,112,679</u>	
Restricted funds excluding pension liability		11,535,608		12,112,679	
Pension reserve		(1,575,000)		(1,482,000)	
		<u></u>	9,960,608	<u></u>	10,630,679
Total restricted funds			9,960,608		10,630,679
Unrestricted funds	15		1,380,765		1,266,417
			<u>11,341,373</u>		
<b>TOTAL FUNDS</b>					
			<u><u>11,341,373</u></u>		

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2015 and are signed on their behalf, by:

**Mr M Stocker**  
Chair

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

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	17	413,660	154,144
Returns on investments and servicing of finance and interest		5,891	7,879
Capital expenditure		(207,977)	(144,273)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>211,574</u>	<u>17,750</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	<u>211,574</u>	<u>17,750</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	211,574	17,750
Net funds at 1 September 2014	<u>1,751,857</u>	<u>1,734,107</u>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u>1,963,431</u>	<u>1,751,857</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' published in March 2005 (SORP), the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The Academy is a company limited by guarantee. Those Members who are Trustees are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Academy.

**1.3 Fund accounting**

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

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**1.4 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Any donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

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 one year from the date of approval of the financial statements.

**1.7 Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Depreciation is not charged on freehold land.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

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

**1.8 Operating leases**

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

**1.9 Taxation**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a pension interest adjustment in note 21. Actuarial gains and losses are recognised immediately in other gains and losses.

**1.11 Agency Arrangements**

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

**2. OTHER VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	4,296	223,829	228,125	227,675

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	142,087	-	142,087	141,428
Catering income	303,761	-	303,761	273,481
Rental income	2,152	-	2,152	2,252
Music fees	21,229	-	21,229	27,228
Other income	90,380	-	90,380	107,736
	<u>559,609</u>	<u>-</u>	<u>559,609</u>	<u>552,125</u>

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**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	6,616,392	6,616,392	6,623,634
Other DfE / EFA grants	-	235,827	235,827	663,598
	-	6,852,219	6,852,219	7,287,232
<b>Other government grants</b>				
Local authority grants	-	30,611	30,611	29,443
	-	30,611	30,611	29,443
	-	6,882,830	6,882,830	7,316,675

**5. RESOURCES EXPENDED**

	Staff costs 2015 £	Non pay expenditure Premises Other costs 2015 2015 £		Total 2015 £	Total 2014 £
Provision of education - direct costs	4,607,130	393	901,645	5,509,168	5,362,039
Provision of education - support costs	1,231,183	1,004,458	420,616	2,656,257	2,988,088
<b>Charitable activities</b>	5,838,313	1,004,851	1,322,261	8,165,425	8,350,127
<b>Governance</b>	-	-	20,753	20,753	22,149
	5,838,313	1,004,851	1,343,014	8,186,178	8,372,276

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	<b>Individual items above £5,000</b>		
	Total £	Amount £	Reason
Ex-gratia/compensation payments	6,500	6,500	Exit package

The payment noted above was only made after taking appropriate professional advice and was the payment was confirmed by the Board of Trustees.

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**6. CHARITABLE ACTIVITIES**

	Total funds 2015 £	Total funds 2014 £
<b>DIRECT COSTS</b>		
Wages and salaries	3,799,206	3,761,588
National insurance	297,507	295,109
Pension cost	510,417	467,860
Educational supplies	401,289	388,877
Examination fees	114,646	107,127
Staff development	174,099	175,510
Technology costs	35,620	37,592
Travel & subsistence	6,059	5,262
Other costs	13,916	17,888
Supply teaching	156,409	105,226
	<u>5,509,168</u>	<u>5,362,039</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	795,584	709,722
National insurance	41,444	38,067
Pension cost	237,747	227,566
Depreciation	585,868	585,254
LGPS adjustment	23,000	35,000
Technology costs	68,006	64,445
Printing, postage and stationery	22,420	22,322
Other costs	117,752	128,482
Recruitment & support	32,912	36,613
Maintenance of premises & machinery	94,725	558,284
Cleaning	123,040	125,804
Rates	35,355	31,783
Energy	124,391	107,176
Insurance	64,855	62,449
Security	2,638	1,935
Transport	18,621	23,562
Catering	214,743	188,068
Occupancy costs	48,173	39,620
Bank interest & charges	2,467	2,369
Profit/loss on disposal	2,516	(433)
	<u>2,656,257</u>	<u>2,988,088</u>
	<u>8,165,425</u>	<u>8,350,127</u>

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**7. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Internal audit costs	-	1,430	1,430	1,300
Auditors' remuneration	-	6,700	6,700	6,500
Auditors' non audit costs	-	3,915	3,915	4,250
Legal and professional	-	8,708	8,708	10,099
	<u>-</u>	<u>20,753</u>	<u>20,753</u>	<u>22,149</u>

**8. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned or leased by the Academy	<u>585,868</u>	<u>585,254</u>

**9. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,594,790	4,471,310
Social security costs	338,951	333,176
Other pension costs	748,163	695,426
	<u>5,681,904</u>	<u>5,499,912</u>
Supply teacher costs	156,409	105,226
	<u>5,838,313</u>	<u>5,605,138</u>

**b. Staff numbers**

The average number of persons (including the Senior Leadership Team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	84	83
Administration and Support	50	48
Management	7	7
	<u>141</u>	<u>138</u>

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**9. STAFF (continued)**

**c. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	1	2
In the band £ 70,001 - £ 80,000	2	1
In the band £100,001 - £110,000	1	1
	1	4

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, the Academy made pension contributions for these staff members amounting to £43,449 (2014: £42,299).

**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

C Ingate	
Remuneration £100,000-£110,000 (2014: £100,000-£110,000)	
Employer's pension contribution £10,000-£15,000 (2014: £10,000-£15,000)	
D Brown	
Remuneration £15,000-£20,000 (2014: £15,000-£20,000)	
Employer's pension contribution £5,000-£10,000 (2014: £0-£5,000)	
R Newman	
Remuneration £35,000-£40,000 (2014: £30,000-£35,000)	
Employer's pension contribution £5,000-£10,000 (2014: £0-£5,000)	
P Winter	
Remuneration £5,000-£10,000 (2014: £25,000-£30,000)	
Employer's pension contribution £0-£5,000 (2014: £0-£5,000)	
R Noblett	
Remuneration £25,000-£30,000 (2014: £nil)	
Employer's pension contribution £0-£5,000 (2014: £nil)	

During the period ended 31 August 2015, travel and subsistence expenses totalling £96 (2014: £784) were reimbursed or paid directly to one trustee (2014: one trustee).

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

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £62,812 (2014 - £62,730). The cost of this insurance is included in the total insurance cost.

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**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2014	12,219,974	2,800	733,869	433,852	13,390,495
Additions	11,486	21,000	96,227	79,264	207,977
Disposals	-	-	-	(9,729)	(9,729)
At 31 August 2015	<u>12,231,460</u>	<u>23,800</u>	<u>830,096</u>	<u>503,387</u>	<u>13,588,743</u>
<b>Depreciation</b>					
At 1 September 2014	1,195,908	1,200	196,119	237,396	1,630,623
Charge for the year	424,053	926	91,635	69,254	585,868
On disposals	-	-	-	(5,624)	(5,624)
At 31 August 2015	<u>1,619,961</u>	<u>2,126</u>	<u>287,754</u>	<u>301,026</u>	<u>2,210,867</u>
<b>Net book value</b>					
At 31 August 2015	<u><u>10,611,499</u></u>	<u><u>21,674</u></u>	<u><u>542,342</u></u>	<u><u>202,361</u></u>	<u><u>11,377,876</u></u>
At 31 August 2014	<u><u>11,024,066</u></u>	<u><u>1,600</u></u>	<u><u>537,750</u></u>	<u><u>196,456</u></u>	<u><u>11,759,872</u></u>

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

The land and buildings have been included in the accounts based on the valuation arranged by the EFA using depreciated replacement cost. The Trustees believe that the cost of obtaining a more detailed valuation outweighs the benefit.

**13. DEBTORS**

	2015 £	2014 £
Trade debtors	14,645	23,432
VAT recoverable	35,379	65,912
Other debtors	3,388	457
Prepayments and accrued income	140,714	337,497
	<u>194,126</u>	<u>427,298</u>

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

	2015 £	2014 £
Trade creditors	192,621	162,871
Other taxation and social security	94,475	94,288
Other creditors	94,533	91,188
Accruals and deferred income	237,431	211,584
	619,060	559,931

**Deferred income**

Deferred income at 1 September 2014		113,541
Resources deferred during the year		131,870
Amounts released from previous years		(113,541)
		131,870

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

**15. STATEMENT OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(losses) £	Carried forward £
<b>Unrestricted funds</b>						
Unrestricted funds	1,266,417	569,796	(455,448)	-	-	1,380,765
	1,266,417	569,796	(455,448)	-	-	1,380,765
<b>Restricted funds</b>						
General Annual Grant (GAG)	266,514	6,616,392	(6,560,707)	(180,318)	-	141,881
Other government grants	8,339	22,965	(31,304)	-	-	-
SEN funding	-	27,881	(27,881)	-	-	-
Pupil premium funding	70,541	202,874	(266,566)	-	-	6,849
Educational visits	-	223,829	(223,829)	-	-	-
Pension reserve	(1,482,000)	-	(47,000)	-	(46,000)	(1,575,000)
	(1,136,606)	7,093,941	(7,157,287)	(180,318)	(46,000)	(1,426,270)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Restricted fixed assets	11,767,285	-	(588,384)	207,977	-	11,386,878
DFC	-	27,659	-	(27,659)	-	-
CIF	-	(14,941)	14,941	-	-	-
	<u>11,767,285</u>	<u>12,718</u>	<u>(573,443)</u>	<u>180,318</u>	<u>-</u>	<u>11,386,878</u>
Total restricted funds	<u>10,630,679</u>	<u>7,106,659</u>	<u>(7,730,730)</u>	<u>-</u>	<u>(46,000)</u>	<u>9,960,608</u>
Total of funds	<u><u>11,897,096</u></u>	<u><u>7,676,455</u></u>	<u><u>(8,186,178)</u></u>	<u><u>-</u></u>	<u><u>(46,000)</u></u>	<u><u>11,341,373</u></u>

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

**Unrestricted funds**

This represents income received that does not have restrictions.

**Other government grants**

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

**Special Educational Needs (SEN)**

This represents allocated funding for special educational needs pupils

**Pupil premium**

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

**Educational visits**

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

**Pension reserve**

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

**Restricted fixed assets**

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. The transfer of £207,977 represents the cost of acquired tangible assets funded through other grants and GAG.

**Devolved Formula Capital (DFC)**

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

**Condition improvement fund (CIF)**

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

**General Annual Grant (GAG)**

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

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 2015.

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**SUMMARY OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(losses) £	Carried forward £
General funds	1,266,417	569,796	(455,448)	-	-	1,380,765
Restricted funds	(1,136,606)	7,093,941	(7,157,287)	(180,318)	(46,000)	(1,426,270)
Restricted fixed asset funds	11,767,285	12,718	(573,443)	180,318	-	11,386,878
	<u>11,897,096</u>	<u>7,676,455</u>	<u>(8,186,178)</u>	<u>-</u>	<u>(46,000)</u>	<u>11,341,373</u>

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

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	11,377,876	11,377,876	11,759,870
Current assets	1,380,765	767,787	9,002	2,157,554	2,179,155
Creditors due within one year	-	(619,057)	-	(619,057)	(559,929)
Provisions for liabilities and charges	-	(1,575,000)	-	(1,575,000)	(1,482,000)
	<u>1,380,765</u>	<u>(1,426,270)</u>	<u>11,386,878</u>	<u>11,341,373</u>	<u>11,897,096</u>

**17. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	(509,723)	(267,922)
Returns on investments and servicing of finance	(5,891)	(7,879)
Depreciation of tangible fixed assets	585,868	585,254
Deficit on disposal of tangible fixed assets	4,105	6,982
Decrease/(increase) in debtors	233,172	(113,858)
Increase/(decrease) in creditors	59,129	(73,433)
FRS 17 adjustments	47,000	25,000
<b>Net cash inflow from operations</b>	<u>413,660</u>	<u>154,144</u>

**18. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,751,857	211,574	-	1,963,431
<b>Net funds</b>	<u>1,751,857</u>	<u>211,574</u>	<u>-</u>	<u>1,963,431</u>

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**19. MEMBERS' LIABILITY**

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

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.

**20. PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £90,632 were payable to the scheme at 31 August 2015 (2014 - £89,810) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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**20. PENSION COMMITMENTS (continued)**

The pension costs paid to TPS in the period amounted to £781,357 (2014: £817,003).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

**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 2015 was £320,000, of which employer's contributions totalled £255,000 and employees' contributions totalled £65,000. The agreed contribution rates for future years are 27.7% for employers and between 5.5% and 7.5% 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.

The amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(3,625,000)	(3,204,000)
Fair value of scheme assets	2,050,000	1,722,000
	<u>                    </u>	<u>                    </u>
Net liability	(1,575,000)	(1,482,000)
	<u>                    </u>	<u>                    </u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2015 £	2014 £
Current service cost	(279,000)	(232,000)
Interest on obligation	(123,000)	(112,000)
Expected return on scheme assets	100,000	77,000
	<u>                    </u>	<u>                    </u>
Total	(302,000)	(267,000)
	<u>                    </u>	<u>                    </u>
Actual return on scheme assets	86,000	160,000
	<u>                    </u>	<u>                    </u>

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

	2015 £	2014 £
Opening defined benefit obligation	3,204,000	2,320,000
Current service cost	279,000	232,000
Interest cost	123,000	112,000
Contributions by scheme participants	65,000	61,000
Actuarial losses	33,000	516,000
Estimated Benefits paid	(79,000)	(37,000)
Present value of defined benefit obligation on conversion	-	-
	<u>                    </u>	<u>                    </u>
Closing defined benefit obligation	3,625,000	3,204,000
	<u>                    </u>	<u>                    </u>

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**20. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening fair value of scheme assets	1,722,000	1,163,000
Expected return on assets	100,000	77,000
Actuarial (losses) and gains	(13,000)	216,000
Contributions by employer	255,000	242,000
Contributions by employees	65,000	61,000
Estimated Benefits paid	(79,000)	(37,000)
	<u>2,050,000</u>	<u>1,722,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £480,000 (2014 - £434,000).

The Academy expects to contribute £261,000 to its Defined Benefit Pension Scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	62.00 %	67.00 %
Bonds	27.00 %	23.00 %
Property	7.00 %	7.00 %
Cash	4.00 %	3.00 %

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

	2015	2014
Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.40 %
Rate of increase in salaries	4.00 %	3.90 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %

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

	2015	2014
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.7

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**20. PENSION COMMITMENTS (continued)**

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(3,625,000)	(3,204,000)	(2,320,000)	(1,919,000)
Scheme assets	2,050,000	1,722,000	1,163,000	744,000
Deficit	<u>(1,575,000)</u>	<u>(1,482,000)</u>	<u>(1,157,000)</u>	<u>(1,175,000)</u>
Experience adjustments on scheme assets	<u>(13,000)</u>	<u>216,000</u>	<u>81,000</u>	<u>27,000</u>

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2015	2014	2015	2014
	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	-	-	9,021	13,812
Between 2 and 5 years	-	-	2,629	18,246
	<u>-</u>	<u>-</u>	<u>11,650</u>	<u>32,058</u>

**22. AGENCY ARRANGEMENTS**

The Academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015 the Trust received £12,719 and disbursed £8,658 from the fund. An amount of £12,400 is included in other creditors relating to undistributed funds that is repayable to EFA.

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**23. RELATED PARTY TRANSACTIONS**

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

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

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

Alan Hazell, a governor of the Academy, is a Trustee of Bishop's Stortford Community Football Club. During the year ended 31 August 2015, income totaling £36,585 (2014- £31,411) was received from Bishop's Stortford Community Football Club for the use of the Academy's facilities. As at 31 August 2015 an amount of £1,832 (2014- £660) remained outstanding from the football club.

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

There were no other related party transactions.