

**BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

**TRUSTEES REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

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# BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

## REFERENCE AND ADMINISTRATIVE DETAILS

**Members/Trustees**

Dr C Ingate, Principal and Accounting Officer  
Mrs A Wilson, Community Governor (appointed 13 March 2019)  
Mr F Gray, Community Governor  
Ms C Gater, Community Governor  
Mr A Hazell, Community Governor  
Mr L Bothwell, Staff Governor  
Mrs R Crowland, Parent Governor  
Mrs G Turner, Parent Governor (appointed 12 December 2018)  
Mr M Phillips, Staff Governor  
Mrs H Scotcher, Parent Governor  
Mrs L Watkins, Parent Governor  
Dr N Prior, Co-opted Community Governor  
Mr M Stocker, Chair, Community Governor  
Mrs J Gallagher, Parent Governor (resigned 4 December 2018)  
Mr A Sherriff, Community Governor (resigned 31 March 2019)  
Mr R Noblett, Teaching Staff Governor  
Mrs S Gubb, Parent Governor (resigned 10 July 2019)  
Mr J Smith, Community Governor (resigned 12 September 2018)  
Mrs E White, Parent Governor (resigned 10 July 2019)  
Dr A Swanepoel, Parent Governor  
Mr J Winter, Community Governor  
R Bamlett, Community Governor (appointed 13 March 2019)  
N Brown, Parent Governor (appointed 24 October 2018)

**Company registered number**

07791971

**Company name**

Birchwood High School

**Registered and principal office**

Parsonage Lane  
Bishop's Stortford  
CM23 5BD

**Company Secretary**

N Coop

**Accounting Officer**

Dr C Ingate

**Senior Leadership Team**

Dr C Ingate, Principal  
Mr C Gilbank, Deputy Principal  
Mr S Stopps, Deputy Principal  
Mr S Connor, Assistant Principal  
Mrs M Mulley, Assistant Principal  
Ms N Coop, Finance Director  
Mrs J Jacobsen, Assistant Principal

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

**Bankers** Lloyds TSB  
31 Fore Street  
Taunton  
Somerset  
TA1 1HN

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

# **BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their Annual Report together with the financial statements and Auditors' Report of Birchwood High School (the Academy, The Trust or the Charitable Company) for the period 1st September 2018 to 31st August 2019. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 11-19 serving the catchment area of Bishop's Stortford and surrounding villages. It has a pupil capacity of 1,500 (including 6th form) and a roll of 1,361 in October 2019.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

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

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

#### **Member's liability**

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

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

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance is in place with Zurich Insurance PLC and provides indemnity up to £5,000,000. The details of the costs are disclosed in note 10 to the accounts.

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

The arrangements are as set out in the Funding Agreement.

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

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

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

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

## **BIRCHWOOD HIGH SCHOOL**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

#### **Organisation**

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

The Board of Trustees which meets on at least 6 occasions per year and the individual Committees are responsible for the strategic direction of the Academy. The Finance & Estates Committee meets at least 5 times per year; the Curriculum and Personnel Committees meet at least 5 times per year; the Audit Committee meets at least 3 times per year and the Pay Committee meets at least once per year. The Board of Trustees reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Principal with the School Improvement Partner, and reviews them.

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

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

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

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

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

#### **Trade union facility time**

There was 1 support staff trade union representative based in the School this year, the respective representative performed 9 hours and 56 minutes of union time as part of their duties.

#### **Fundraising**

The Trust only held small fundraising events during the year and does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

## **BIRCHWOOD HIGH SCHOOL**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

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

- 1) The Bishop's Stortford Football Club (BSFC) – a private limited company run on a not-for-profit basis, collaborates with Birchwood High School to provide a Football Academy at the School. This scheme runs for two years offering players the opportunity of attending a full-time football training programme with opportunities to progress into the Bishop's Stortford first team and all players also attend a two-year Sports Science BTEC course at the School providing students with the opportunity to progress into degree studies at universities. The School purchases training and coaching from BSFC. A Trustee at the School is a non-salaried Director of BSFC.
- 2) HertsCam – a Charitable Company aiming to improve teaching and learning in schools and so enhance the life chances of young people. The School works closely with HertsCam to provide teacher training opportunities. To advance education for the public benefit through the provision of programmes for teachers to improve the quality of education in schools. The Principal is a Trustee.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objects and Aims**

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

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

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

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

- ensuring that every child enjoys the same high-quality education in terms of resourcing, tuition and care - this was supported by a 'Good' Ofsted report (June 2019);
- raising the standard of educational achievement of all pupils - see Ofsted Report;
- improving the effectiveness of the Academy by keeping the curriculum and organisational structure under continual view;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- maintaining close links with industry and commerce; and
- conducting the Academy's business in accordance with the highest standards of integrity, probity and openness.

## **BIRCHWOOD HIGH SCHOOL**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

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

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

In accordance with Object 4b of our Articles of Association the Board of Trustees actively promotes the use of our facilities for the benefit of our local community.

#### **Public Benefit**

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



## BIRCHWOOD HIGH SCHOOL

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

#### STRATEGIC REPORT

##### Achievements and performance

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

For 2019, the School dropped slightly against its 2018 best GCSE results based on attainment with 64% of students passing both English and Maths. 74% of students obtained a Level 4+ in English whilst 73% obtained a Level 4+ in Maths.

	2016	2017	2018	2019
Number of pupils	202	219	223	232
Pupils with adjusted scores	N/A	N/A	3	1
School progress score	-0.16	0.05	0.00	-0.06
Confidence interval	-0.30 to -0.01	-0.11 to 0.21	-0.17 to 0.17	-0.23 to 0.11
Progress banding	Below average	Average	Average	Average
Local authority average	0.06	0.04	0.19	
National average	0.00	-0.03	-0.02	

#### KPI 2018-19 Target    2018-19 Actual

##### Student Attainment GCSE L2

Progress 8 Score		0.00	-0.06
Attainment 8 Score per pupil	DfE	48.05	46.44
Attainment 8 Score per pupil	FFT 50*	45.57	
Attainment 8 Score per pupil	FFT 20*	52.64	
% achieving grade 5 or above in English and maths		57%	39%
% achieving grade 4 or above in English and maths		65%	64%

	2017	2018	2019
%P8 En	-0.4	-0.6	-0.34
%P8 Ma	-0.3	-0.2	0.17

The progress of disadvantaged students improved in 2019 as shown in the table below:

	2017	2018	2019
Progress score for disadvantaged pupils	-0.7	-0.8	-0.56
Confidence interval	-0.8 to -0.2	-1.25 to -0.31	-1.01 to -0.11
Number of disadvantaged pupils	33	28	32
Disadvantaged pupils with adjusted scores	N/A	1	0
National average for non-disadvantaged pupils	0.00	0.13	

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

#### Disadvantaged Attainment

	2017	2018	2019
%L4 + En + Ma	40%	52%	29%
%L5 + En + Ma	23%	31%	13%
%L4 + En	57%	65%	52%
%L4 + Ma	51%	65%	42%

Closing the gap is a key objective for Birchwood High School. Every one of our 32 disadvantaged students went on to their chosen Sixth Form or FE College with all those eligible to study A-Level at Birchwood enrolling into our Sixth Form.

A-Level students achieved 92% A\*-E grades with 32% A\*-B grades. The DfE awarded the average grade as C- a slight drop from 2018.

	2017	2018	2019
Number of Pupils	136	84	90
Number of DA	5	8	8
Number of Academic entries	113	77	64
Number of Applied entries	61	41	37

	2017	2018	2019
A Level Average as a Grade	C	C+	C-
A Level Average as a Point Score	31.09	32.7	27.36
A Level L3 Value Added	0.15	-0.3	-0.22
Applied Average as a Grade	Dist *	Merit	Dist -
Applied Average as a Point Score	38.53	27	27.26
Applied L3 Value Added	0.07	-0.1	0.28

DA	2017	2018	2019
A Level Average as a Grade	D+	C-	D-
A Level Average as a Point Score	23.97	27	29.53
A Level L3 Value Added	-0.44	-0.5	-1.05
Applied Average as a Grade	Dist *	Dist	Dist
Applied Average as a Point Score	43.33	33	28.9
Applied L3 Value Added	0.09	-0.4	0.23

The numbers applying for places in Year 7 has stayed at a similar number to 2017 (810 applications) we enrolled 224 students. This was marginally less than in 2018 where we have 239 students but remains significantly better than in 2017 when we enrolled 200 students. Sixth Form enrolment also improved – we have 120 students in Year 12 and 115 students in Year 13. The Sixth Form now has 235 students versus 200 in 2017-18.

In 2018-19 Birchwood continued to ensure that all students achieved their potential though public examinations. Students were encouraged to participate in a wide range of extra-curricular activities including public performances. Students were offered good pastoral care and careers guidance. There were no 'NEETs' (students not in education, employment or training) at the end of Year 13 and all Year 11 students who did not have places in the Sixth Form, went to Further Education Colleges to study suitable courses.

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Student Attendance was at 94.8% compared to a national average of 94.6%.

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

As a school, we are fully staffed which is not an easy achievement with the current difficulties in recruitment. Staffing in Science is particularly strengthened this year with no temporary staff. Staff turn-over is closely monitored and has averaged 11.6% full time equivalent teachers per year over the last three years. This is a reduction of 3%

#### Key Performance Indicators

##### Academic Performance Targets

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

##### KPI Student Attainment GCSE L2 2019-20 Target

Progress 8 Score		> 0.00
Attainment 8 Score per pupil	DfE	48.08
Attainment 8 Score per pupil	FFT 50*	46.52
Attainment 8 Score per pupil	FFT 20*	48.38
% achieving grade 5 or above in English and maths		60%
% achieving grade 4 or above in English and maths		70%

##### KPI Student Attainment A Level Btec L3 2020 Tgt

A Level Average as a Grade	C+
A Level Average as a Point Score	35.2
A Level L3 Value Added	0.00
Applied Average as a Grade	Dist
Applied Average as a Point Score	34
Applied L3 Value Added	0.00

##### DA 2020 Tgt

A Level Average as a Grade	C+
A Level Average as a Point Score	32.72
A Level L3 Value Added	0.00
Applied Average as a Grade	Dist
Applied Average as a Point Score	34.44
Applied L3 Value Added	0.00

## BIRCHWOOD HIGH SCHOOL

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

KPI - Student Attendance and behaviour	2019-20 Target
% overall attendance	> 95
% persistent absence (over 10% school days missed)	< 10
% persistent absence (over 15% school days missed)	< 6
% unauthorised absence	< 0.9
Fixed term exclusions (days per term)	< 30

#### Key Financial Performance Indicators:

Pupil numbers (on which the School's funding is based) – the School's Pupil Admission Number is 240 in each year group for years 7 to 11 giving a maximum of 1,200 students in key stages 3 and 4. The funded number for 2018-19 was 1,139. The workable maximum number in the 6th form (Key stage 5 or years 12-13) is 300 and the aim is to maintain viability by recruiting a minimum of 200 students in key stage 5. The funded number of 6th form students in 2018-19 was 195.

Staff costs as a percentage of total income – The long term aim is to achieve staffing costs at 80% of total income (excl parental trip & CIF). In 2018-19 this metric was 85.0% (2017-18 89.0%) due in part to the impact of National Living Wage movements and a reduction to qualifying income year-on-year. The Academy will continue to improve this KPI figure through efficiencies, increasing pupil numbers and natural staff wastage over the next 2 years.

Catering and lettings profitability – Catering aims to break even with the income from the sale of meals to students and staff by matching the cost of staff, provisions, catering consumables plus kitchen repairs and maintenance to income generated. At the end of 2018-19 the department made a small surplus of £21,924 (excluding any overhead apportionment). Letting of the School facilities to the community has been outsourced to School Lettings Solutions since October 2017. This area overall produced a surplus in 2018-19 of £49,086 (including partial overhead apportionment).

Final outturn against projected budget outturn – the School aims to live within its means and balance in year income and expenditure. The final outturn for 2018-19 showed a deficit in the income and expenditure account of £504,111 excluding the restricted fixed asset fund and pension reserve.

#### Going Concern

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

#### Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2019 the Trust received £8,202,537 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £8,366,134 on general running costs. The Academy brought forward from 2017-18, £Nil restricted funds excluding pension liability and £1,099,866 (incl APT fund) unrestricted funding. The carry forward for 2018-19 is £Nil restricted funding excluding pension liability and £622,854 unrestricted funding (incl APT fund).

The Local Government Pension Scheme - the Academy is recognising pension fund deficit of £2,209,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019**

#### **Reserves policy**

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

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £622,854. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £622,854.

The cash balance of the Academy has been healthy all year, ending the year with a balance of £1,316,350. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Finance Director reports and attempt to hold a minimum of £558,000 to cover short term cash flow variances.

#### **Investment policy**

An Investment Policy was last approved by the Board of Trustees in June 2018 (and is next due for review June 2021).

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

#### **Principal risks and uncertainties**

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

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

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

As an academy school, the level of financial risk is low. Cash flows can be forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with prime areas of uncertainty being sickness and maternity- related.

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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

- The Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms in the medium to longer term;
- 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, this risk is exacerbated by the agreement regarding a new secondary school in the locality. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - Trustees continue to ensure the highest standards are maintained in areas of selection and monitoring of staff, operation of child protection policies and procedures, health & safety & discipline;
- GDPR and the implementation of new regulations- the School has assigned responsibility for DPO at leadership level and continues to monitor and audit compliance;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed the Essex County Council Internal Controls Evaluation Service to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

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

#### Plans for future periods

Birchwood is ambitious in its intent. It sets KPIs for the top 20% of schools in England and Wales. It aims to have all lessons observed in 2019-20 to be at least good. Where the teaching is not yet deemed to be at this level, coaching sessions are in place and clear Performance Management objectives are engaging improvement. The current forecast data for year 11 indicates that we will achieve above 0.0 in the Progress 8 measure. Birchwood's cohorts very much reflect the national average in terms of ability on intake at KS2. An Academic Coaching scheme has been implemented at Year 11 and this is being rolled out further as it is showing signs of success. At Post 16, we expect A-Level students to achieve in line or above national average. We seek a Level 3 value-added score of above 0.00. The Sixth Form has had a robust recruitment drive and this has increased numbers significantly. This alongside increased leadership capacity and a sharp focus on 6th Form quality assurance is enabling us to see encouraging progress in this already strong area. Financially the School is very aware of current pressures and has undertaken a support staff review in 2018/19. Looking forward the staffing structure will be under continuous review, along with the curriculum and non-staff expenditure to ensure achievement of value for money.

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**Funds held custodian Trustee on behalf of others**

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

**Provision of information to Auditors**

Insofar as the Trustees are aware:

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

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

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees, on 11 December 2019 and signed on its behalf by:

**Mr M Stocker**  
**Chair of Trustees**

## BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT

#### Scope of responsibility

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

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

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities and in the Statement of Trustees' Responsibilities. The Board of Trustees (at the FGB level) has formally met 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
Dr C Ingate, Principal and Accounting Officer	5	6
Mrs A Wilson, Community Governor	2	3
Mr F Gray, Community Governor	5	6
Ms C Gater, Community Governor	4	6
Mr A Hazell, Community Governor	3	6
Mr L Bothwell, Staff Governor	3	6
Mrs R Crowland, Parent Governor	6	6
Mrs G Turner, Parent Governor	5	5
Mr M Phillips, Staff Governor	6	6
Mrs H Scotcher, Parent Governor	5	6
Mrs L Watkins, Parent Governor	5	6
Dr N Prior, Co-opted Community Governor	0	6
Mr M Stocker, Chair, Community Governor	6	6
Mrs J Gallagher, Parent Governor	1	1
Mr A Sherriff, Community Governor	3	4
Mr R Noblett, Teaching Staff Governor	6	6
Mrs S Gubb, Parent Governor	5	6
Mr J Smith, Community Governor	0	0
Mrs E White, Parent Governor	6	6
Dr A Swanepoel, Parent Governor	6	6
Mr J Winter, Community Governor	5	6
R Bamlett, Community Governor	3	3
N Brown, Parent Governor	4	5

Review of year:

Change of composition of Board:

During the year 4 Trustees retired and 4 new Trustees were appointed. The outgoing Chair of the Finance & Estates Committee was replaced with a suitably qualified new Trustee mid-year.



## **BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (CONTINUED)**

#### **Governance (continued)**

The Board of Trustees have sought to increase diversity within its membership during the year, and seeks to continue this recruitment initiative into 2019/20. In terms of its role as a 'critical friend' the challenge of supporting Ofsted-required initiatives whilst addressing a reduction in the School's cost base has been a primary focus.

The coverage of its work:

The Board of Trustees continued to challenge the Senior Leadership Team to deliver improvements identified as required in the May 2017 Ofsted inspection, and will continue to challenge in relation to those recommended in the subsequent inspection of June 2019 (Ofsted rating: Good).

The Board held an extraordinary meeting to review, challenge and approve elements of a Deficit Reduction Plan prepared by the School, this culminated in acceptancy of voluntary and a small number of non voluntary redundancies.

The Pay Committee reviewed, challenged and approved pay and salary progressions for relevant staff which includes the Principal (following recommendations from externally assessed performance management and adherence to the schools ISR). This committee ensured its pay-related decisions were underpinned by the principles outlined in the Nolan Report.

Governor monitoring visits have taken place throughout the year covering key areas with findings reported back to the Board of Trustees and any actions required agreed with the school.

The Board's performance, including assessment of its own effectiveness and particular challenges that have arisen for the Board specifically relating to this:

A self-evaluation of Governance was carried out during the 2018-19 academic year in accordance with section 1.5.17 of the Academies Financial Handbook 2019. Findings in relation to effectiveness form the basis of Governor training planning.

#### **Quality of Data Used by the Board**

The data presented by the School to Trustees is sense checked on a periodic basis eg financial data is tested by independent internal audit review and findings reported back to the Board, and is benchmarked or directly compared to external data for verification e.g. student progress indication data to DfE-calculated data upon publication with variance discussed at Board level.

Governance reviews:

The school was inspected by Ofsted on 27-28 June 2019 and concluded, in its report which was published on 19 July 2019, the following:

- "Governance is very effective. Governors are expert and experienced. They make a highly positive contribution to determining the strategic direction of the School. They successfully analyse and evaluate information about the School's performance and ensure that effective plans are in place to promote further improvement.
- Governors undertake their responsibilities rigorously. They fulfil all their duties, such as ensuring that safeguarding procedures, including those concerned with dealing with the threat of radicalisation, are rigorous and thorough. Governors undertake relevant training and regularly make visits to the School so they are in the strongest possible position to ask challenging questions of the School's leadership.
- Governors do not necessarily take the information they are given by School leaders at face value. They have strengthened their oversight of how additional funding is spent, including the funding for those in receipt of the pupil premium, since the previous inspection."

## BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT (CONTINUED)

#### Governance (continued)

The Governors' plan to undertake a follow up self-evaluation following this independent external review in 2019/20 to consolidate and further strengthen the governance of the School.

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Crowland	5	5
C Gater	3	5
A Hazell	3	5
M Stocker	2	5
G Turner	3	3
L Watkins	3	5
A Sherriff	3	3

#### Review of value for money

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

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

- Conducting a full curriculum and timetable review to ensure teaching resources to not exceed reasonable requirements;
- amendment to cover provision to increase consistency;
- restructuring the support staff structure to decrease cost base; and
- initial review of non-personnel expenditure cost base to identify areas of current and potential future efficiency and economy evaluations

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Birchwood High School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

## BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT (CONTINUED)

#### 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 on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Estates 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 Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included the areas of:

- Governance & Financial Management
- Income & Expenditure (incl payroll)
- Assets

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

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

#### Review of effectiveness

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

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

**BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**Review of effectiveness (continued)**

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

Approved by the Board of Trustees on 11 December 2019 and signed on its behalf by:

Mr M Stocker  
Chair of Trustees

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

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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

Dr C Ingate  
Accounting Officer  
Date: 11 December 2019

## **BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 11 December 2019 and signed on its behalf by:

Mr M Stocker  
Chair of Trustees

## **BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

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

#### **Opinion**

We have audited the financial statements of Birchwood High School (the 'Academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

## **BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BIRCHWOOD HIGH SCHOOL (CONTINUED)**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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



## BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BIRCHWOOD HIGH SCHOOL (CONTINUED)

#### Responsibilities of Trustees

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

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

#### Auditors' responsibilities for the audit of the financial statements

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

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

#### Use of our report

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

Mr Gary Miller (Senior Statutory Auditor)  
for and on behalf of

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

12 December 2019

## **BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BIRCHWOOD HIGH SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Birchwood High School's Accounting Officer and the Reporting Accountant**

The Accounting Officer is responsible, under the requirements of Birchwood High School's funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Academy complies with the framework of authorities.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity, propriety and compliance
- 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, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Reporting Accountant**

**Price Bailey LLP**

Date: 12 December 2019

**BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>						
Donations and capital grants	3	37,079	295,154	313,415	645,648	401,746
Charitable activities	4	415,030	6,981,831	-	7,396,861	7,419,569
Other trading activities	5	155,344	-	-	155,344	167,870
Investments	6	4,684	-	-	4,684	3,367
<b>Total income</b>		<u>612,137</u>	<u>7,276,985</u>	<u>313,415</u>	<u>8,202,537</u>	<u>7,992,552</u>
<b>Expenditure on:</b>						
Charitable activities	7	1,089,151	7,472,985	598,722	9,160,858	9,089,473
<b>Total expenditure</b>		<u>1,089,151</u>	<u>7,472,985</u>	<u>598,722</u>	<u>9,160,858</u>	<u>9,089,473</u>
<b>Net movement in funds before other recognised gains/(losses)</b>		<u>(477,014)</u>	<u>(196,000)</u>	<u>(285,307)</u>	<u>(958,321)</u>	<u>(1,096,921)</u>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(743,000)	-	(743,000)	446,000
<b>Net movement in funds</b>		<u>(477,014)</u>	<u>(939,000)</u>	<u>(285,307)</u>	<u>(1,701,321)</u>	<u>(650,921)</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		1,099,866	(1,270,000)	9,927,977	9,757,843	10,408,764
Net movement in funds		(477,014)	(939,000)	(285,307)	(1,701,321)	(650,921)
<b>Total funds carried forward</b>		<u>622,852</u>	<u>(2,209,000)</u>	<u>9,642,670</u>	<u>8,056,522</u>	<u>9,757,843</u>

The notes on pages 29 to 52 form part of these financial statements.

**BIRCHWOOD HIGH SCHOOL**

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

**BALANCE SHEET  
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	14	9,386,356	9,927,977
<b>Current assets</b>			
Debtors	15	361,627	212,244
Cash at bank and in hand	23	1,316,350	1,520,345
		1,677,977	1,732,589
Creditors: amounts falling due within one year	16	(798,811)	(607,723)
<b>Net current assets</b>		879,166	1,124,866
<b>Total assets less current liabilities</b>		10,265,522	11,052,843
Creditors: amounts falling due after more than one year	17	-	(25,000)
<b>Net assets excluding pension liability</b>		10,265,522	11,027,843
Defined benefit pension scheme liability	24	(2,209,000)	(1,270,000)
<b>Total net assets</b>		8,056,522	9,757,843
<b>Funds of the Academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	9,642,670	9,927,977
Pension reserve	18	(2,209,000)	(1,270,000)
<b>Total restricted funds</b>		7,433,670	8,657,977
<b>Unrestricted income funds</b>	18	622,852	1,099,866
<b>Total funds</b>		8,056,522	9,757,843

The financial statements on pages 26 to 52 were approved by the Board of Trustees and authorised for issue and are signed on their behalf, by:

Mr M Stocker  
Chair of Trustees  
Date: 11 December 2019

**BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20	(257,581)	(612,484)
<b>Cash flows from investing activities</b>	22	78,586	16,389
<b>Cash flows from financing activities</b>	21	(25,000)	(25,000)
<b>Change in cash and cash equivalents in the year</b>		(203,995)	(621,095)
Cash and cash equivalents at the beginning of the year		1,520,345	2,141,440
<b>Cash and cash equivalents at the end of the year</b>	23	<u>1,316,350</u>	<u>1,520,345</u>

The notes on pages 29 to 52 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 2019

### 1. Accounting policies

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

#### 1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Birchwood High School meets the definition of a public benefit entity under FRS 102.

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

#### 1.2 Going concern

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

#### 1.3 Income

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

- **Grants**

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

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

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

# BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 1. Accounting policies (continued)

#### 1.4 Company status

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

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### 1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

#### 1.7 Interest receivable

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

#### 1.8 Taxation

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



# BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 1. Accounting policies (continued)

#### 1.9 Tangible fixed assets

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

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

Depreciation is provided on the following bases:

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

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

#### 1.10 Debtors

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

#### 1.11 Cash at bank and in hand

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

#### 1.12 Liabilities

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

# BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 1. Accounting policies (continued)

#### 1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.14 Pensions

The Academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Academy to the fund in respect of the year.

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

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

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

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

# BIRCHWOOD HIGH SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 1. Accounting policies (continued)

#### 1.15 Fund accounting

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

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

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

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

### 2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	37,079	295,154	-	332,233	358,145
Capital grants	-	-	313,415	313,415	43,601
<b>Total 2019</b>	<b>37,079</b>	<b>295,154</b>	<b>313,415</b>	<b>645,648</b>	<b>401,746</b>
Total 2018	16,827	341,318	43,601	401,746	

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**3. Income from donations and capital grants (continued)**

In 2018, income from donations was £358,145, of which £341,318 was restricted and £16,827 was unrestricted.

In 2019, capital grants of £313,415 (2018 - £43,601) were in relation to restricted fixed assets.

**4. Funding for the Academy's provision of education**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	6,575,518	6,575,518	6,734,442
Other DfE / ESFA grants	-	305,831	305,831	251,935
	-	6,881,349	6,881,349	6,986,377
<b>Other Government grants</b>				
Local Authority grants	-	100,482	100,482	54,587
	-	100,482	100,482	54,587
<b>Other funding</b>				
Catering Income	415,030	-	415,030	378,605
<b>Total 2019</b>	<u>415,030</u>	<u>6,981,831</u>	<u>7,396,861</u>	<u>7,419,569</u>
Total 2018	<u>378,605</u>	<u>7,040,964</u>	<u>7,419,569</u>	

In 2018, income from DfE/ESFA grants was £6,986,377 of which all was restricted.

In 2018, income from other Government grants was £54,587 of which all was restricted.

In 2018, income from catering was £378,605 of which all was unrestricted.

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**5. Income from other trading activities**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	92,163	92,163	101,617
Music fees	30,496	30,496	28,333
Other income	32,685	32,685	37,920
<b>Total 2019</b>	<b>155,344</b>	<b>155,344</b>	<b>167,870</b>

In 2018, income from the hire of facilities was £101,617 of which all was unrestricted.

In 2018, income from music fees was £28,333 of which all was unrestricted.

In 2018, other income was £37,920 of which all was unrestricted.

**6. Investment income**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	3,954	3,954	2,839
Investment income	730	730	528
<b>Total 2019</b>	<b>4,684</b>	<b>4,684</b>	<b>3,367</b>

In 2018, all investment income was in relation to unrestricted funds.

**BIRCHWOOD HIGH SCHOOL**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**7. Expenditure**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Direct costs	5,426,866	-	756,685	6,183,551	6,171,448
Support costs	1,364,232	1,058,300	554,775	2,977,307	2,918,025
<b>Total 2019</b>	<u>6,791,098</u>	<u>1,058,300</u>	<u>1,311,460</u>	<u>9,160,858</u>	<u>9,089,473</u>
Total 2018	<u>6,692,615</u>	<u>925,105</u>	<u>1,471,753</u>	<u>9,089,473</u>	

In 2018, of total expenditure, £867,760 related to unrestricted funds, £7,611,483 related to restricted funds and £610,230 related to restricted fixed asset funds.

In 2018, direct expenditure consisted of £5,350,752 staff costs and £820,696 other costs.

In 2018, support costs consisted of £1,341,863 staff costs, £952,105 premises costs and £624,057 other costs.

**8. Charitable Activities**

	2019 £	2018 £
Direct costs	6,183,551	6,171,448
Support costs	2,977,307	2,918,025
	<u>9,160,858</u>	<u>9,089,473</u>

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**9. Analysis of support costs**

	2019 £	2018 £
Support staff costs	1,364,232	1,341,863
Depreciation	568,718	595,289
Technology costs	39,524	46,847
Premises costs	489,582	356,816
Other support costs	496,815	543,416
Governance costs	18,436	33,794
	<u>2,977,307</u>	<u>2,918,025</u>

**10. Net expenditure**

Net expenditure for the year includes:

	2019 £	2018 £
Operating lease rentals	25,037	25,705
Depreciation of tangible fixed assets	568,718	595,289
Internal audit costs	1,640	1,565
Fees paid to Auditors for:		
- audit	7,130	6,930
- other services	4,505	4,370
	<u>7,130</u>	<u>6,930</u>

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,918,917	4,930,888
Social security costs	474,790	476,267
Pension costs	1,055,209	1,051,922
	<u>6,448,916</u>	<u>6,459,077</u>
Agency staff costs	239,319	233,538
Staff restructuring costs	102,863	-
	<u>6,791,098</u>	<u>6,692,615</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	102,863	-
	<u>102,863</u>	<u>-</u>

**b. Staff numbers**

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

	2019 No.	2018 No.
Teachers	89	91
Administration and Support	74	75
Management	7	8
	<u>170</u>	<u>174</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**11. Staff costs (continued)**

**c. Higher paid staff**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	4
In the band £70,001 - £80,000	2	1
In the band £100,001 - £110,000	1	1
	<u>5</u>	<u>6</u>

**d. Key management personnel**

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits received by key management personnel for their services to the Academy was £787,352 (2018 - £800,630).

Employer contributions included within key management personnel remuneration was £95,549 (2018 - £97,571)

Employer national insurance contributions included within key management personnel remuneration was £75,765 (2018 - £73,640).

# BIRCHWOOD HIGH SCHOOL

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
Dr C Ingate, Principal and Accounting Officer	Remuneration	100,000 - 105,000	100,000 - 105,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
Mr R Noblett, Teaching Staff Governor	Remuneration	40,000 - 45,000	35,000 - 40,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mr L Bothwell, Staff Governor	Remuneration	30,000 - 35,000	5,000 - 10,000
	Pension contributions paid	5,000 - 10,000	0 - 5,000
Mr M Phillips, Staff Governor	Remuneration	50,000 - 55,000	5,000 - 10,000
	Pension contributions paid	5,000 - 10,000	0 - 5,000
Ms L Newland	Remuneration	Nil	15,000 - 20,000
	Pension contributions paid	Nil	0 - 5,000
Ms S Eastwood	Remuneration	Nil	30,000 - 35,000
	Pension contributions paid	Nil	Nil

During the year ended 31 August 2019, travel and subsistence expenses totalling £122 were reimbursed or paid directly to 1 Trustee (2018 - £370 to 2 Trustees).

### 13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was included in insurance costs.

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**14. Tangible fixed assets**

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2018	12,285,928	975,216	599,502	23,800	13,884,446
Additions	-	1,997	25,100	-	27,097
At 31 August 2019	<u>12,285,928</u>	<u>977,213</u>	<u>624,602</u>	<u>23,800</u>	<u>13,911,543</u>
<b>Depreciation</b>					
At 1 September 2018	2,895,301	605,078	446,464	9,626	3,956,469
Charge for the year	425,974	89,661	50,984	2,099	568,718
At 31 August 2019	<u>3,321,275</u>	<u>694,739</u>	<u>497,448</u>	<u>11,725</u>	<u>4,525,187</u>
<b>Net book value</b>					
At 31 August 2019	<u><u>8,964,653</u></u>	<u><u>282,474</u></u>	<u><u>127,154</u></u>	<u><u>12,075</u></u>	<u><u>9,386,356</u></u>
At 31 August 2018	<u><u>9,390,627</u></u>	<u><u>370,138</u></u>	<u><u>153,038</u></u>	<u><u>14,174</u></u>	<u><u>9,927,977</u></u>

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

**15. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	3,938	4,716
Other debtors	1,000	1,000
Prepayments and accrued income	329,642	181,275
VAT recoverable	27,047	25,253
	<u><u>361,627</u></u>	<u><u>212,244</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	189,125	125,611
Other taxation and social security	120,070	122,817
Other creditors	163,889	158,713
Accruals and deferred income	325,727	200,582
	<u>798,811</u>	<u>607,723</u>
	<u><u>798,811</u></u>	<u><u>607,723</u></u>
	2019 £	2018 £
Deferred income at 1 September 2018	146,803	168,021
Resources deferred during the year	146,244	146,803
Amounts released from previous periods	(146,803)	(168,021)
	<u>146,244</u>	<u>146,803</u>
	<u><u>146,244</u></u>	<u><u>146,803</u></u>

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

**17. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Other creditors	-	25,000
	<u>-</u>	<u>25,000</u>
	<u><u>-</u></u>	<u><u>25,000</u></u>

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**18. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
Unrestricted funds	1,099,866	612,137	(1,089,151)	-	-	622,852
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	6,575,518	(6,575,518)	-	-	-
Other DfE/ESFA grants	-	305,831	(305,831)	-	-	-
Other Government grants	-	100,482	(100,482)	-	-	-
Restricted donations	-	51,567	(51,567)	-	-	-
Educational visits	-	243,587	(243,587)	-	-	-
Pension reserve	(1,270,000)	-	(196,000)	-	(743,000)	(2,209,000)
	<u>(1,270,000)</u>	<u>7,276,985</u>	<u>(7,472,985)</u>	<u>-</u>	<u>(743,000)</u>	<u>(2,209,000)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed assets	9,927,977	-	(568,718)	27,097	-	9,386,356
Capital grants	-	313,415	(30,004)	(27,097)	-	256,314
	<u>9,927,977</u>	<u>313,415</u>	<u>(598,722)</u>	<u>-</u>	<u>-</u>	<u>9,642,670</u>
<b>Total Restricted funds</b>	<u>8,657,977</u>	<u>7,590,400</u>	<u>(8,071,707)</u>	<u>-</u>	<u>(743,000)</u>	<u>7,433,670</u>
<b>Total funds</b>	<u><u>9,757,843</u></u>	<u><u>8,202,537</u></u>	<u><u>(9,160,858)</u></u>	<u><u>-</u></u>	<u><u>(743,000)</u></u>	<u><u>8,056,522</u></u>

## BIRCHWOOD HIGH SCHOOL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 18. Statement of funds (continued)

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

##### **Other Government grants**

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

##### **Other DfE/ESFA grants**

Other DfE/ESFA grants relate to the restricted income received from both the Department for Education and the Education and Skills Funding Agency to assist with the costs of the Academy in relation to specific activities. This includes Pupil Premium and P.E. and Sports Grant.

##### **Educational visits**

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

##### **Restricted donations**

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

##### **Pension reserve**

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

##### **Restricted fixed assets**

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

##### **Capital grants**

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

##### **General Annual Grant (GAG)**

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**18. Statement of funds (continued)**

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/losses and Transfers in/out £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>					
Unrestricted funds	1,400,957	566,669	(867,760)	-	1,099,866
<b>Restricted funds</b>					
General Annual Grant (GAG)	-	6,734,442	(6,732,643)	(1,799)	-
Other DfE/ESFA grants	-	251,935	(251,935)	-	-
Other Government grants	-	54,587	(54,587)	-	-
Restricted donations	-	27,752	(27,752)	-	-
Educational visits	-	313,566	(313,566)	-	-
Pension reserve	(1,485,000)	-	(231,000)	446,000	(1,270,000)
	<u>(1,485,000)</u>	<u>7,382,282</u>	<u>(7,611,483)</u>	<u>444,201</u>	<u>(1,270,000)</u>
<b>Restricted fixed asset funds</b>					
Restricted fixed assets	10,492,807	-	(595,289)	30,459	9,927,977
Capital grants	-	43,601	(14,941)	(28,660)	-
	<u>10,492,807</u>	<u>43,601</u>	<u>(610,230)</u>	<u>1,799</u>	<u>9,927,977</u>
<b>Total Restricted funds</b>	<u>9,007,807</u>	<u>7,425,883</u>	<u>(8,221,713)</u>	<u>446,000</u>	<u>8,657,977</u>
<b>Total funds</b>	<u><u>10,408,764</u></u>	<u><u>7,992,552</u></u>	<u><u>(9,089,473)</u></u>	<u><u>446,000</u></u>	<u><u>9,757,843</u></u>

**BIRCHWOOD HIGH SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	9,386,356	9,386,356
Current assets	622,852	798,811	256,314	1,677,977
Creditors due within one year	-	(798,811)	-	(798,811)
Provisions for liabilities and charges	-	(2,209,000)	-	(2,209,000)
<b>Total</b>	<u>622,852</u>	<u>(2,209,000)</u>	<u>9,642,670</u>	<u>8,056,522</u>

**Analysis of net assets between funds - prior year**

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



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**20. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(958,321)	(1,096,921)
<b>Adjustments for:</b>		
Depreciation	568,718	595,289
Capital grants from DfE and other capital income	(313,415)	(43,601)
Interest receivable	(4,684)	(3,247)
Decrease in debtors	63,033	9,136
Increase/(decrease) in creditors	191,088	(304,140)
Pension adjustment	196,000	231,000
<b>Net cash used in operating activities</b>	<b>(257,581)</b>	<b>(612,484)</b>

**21. Cash flows from financing activities**

	2019 £	2018 £
Repayments of borrowing	(25,000)	(25,000)
<b>Net cash used in financing activities</b>	<b>(25,000)</b>	<b>(25,000)</b>

**22. Cash flows from investing activities**

	2019 £	2018 £
Interest received	4,684	3,247
Purchase of tangible fixed assets	(27,097)	(30,459)
Capital grants received	100,999	43,601
<b>Net cash provided by investing activities</b>	<b>78,586</b>	<b>16,389</b>

**23. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash in hand	1,316,350	1,520,345
<b>Total cash and cash equivalents</b>	<b>1,316,350</b>	<b>1,520,345</b>

## BIRCHWOOD HIGH SCHOOL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 24. Pension commitments

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

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

Contributions amounting to £103,773 were payable to the schemes at 31 August 2019 (2018 - £106,674) and are included within creditors.

#### Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

# BIRCHWOOD HIGH SCHOOL

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

### 24. Pension commitments (continued)

#### Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

#### Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £562,042 (2018 - £560,926).

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £385,000 (2018 - £374,000), of which employer's contributions totalled £311,000 (2018 - £298,000) and employees' contributions totalled £ 74,000 (2018 - £76,000). The agreed contribution rates for future years are 27.7 per cent for employers and between 5.5 and 12.5 per cent for employees.

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

#### Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.4	2.5
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.3	2.4
Inflation assumption (RPI)	3.3	3.4

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Pension commitments (continued)**

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.6
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

As at 31 August 2019 the Trust had a pension liability of £2,209,000 (2018 - £1,270,000). The Sensitivity analysis detailed below would increase / (decrease) the closing defined benefit obligation in the following way:

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	(162,000)	(113,000)
Discount rate -0.1%	162,000	113,000
Mortality assumption - 1 year increase	270,000	309,000
Mortality assumption - 1 year decrease	(270,000)	(309,000)
CPI rate +0.1%	135,000	103,000
CPI rate -0.1%	(135,000)	(103,000)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,230,000	2,056,000
Gilts	1,775,000	1,358,000
Property	364,000	310,000
Cash and other liquid assets	182,000	155,000
<b>Total market value of assets</b>	<b>4,551,000</b>	<b>3,879,000</b>

The actual return on scheme assets was £346,000 (2018 - £215,000).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**24. Pension commitments (continued)**

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

	2019 £	2018 £
Current service cost	(463,000)	(489,000)
Past service cost	(6,000)	-
Interest income	113,000	88,000
Interest cost	(151,000)	(128,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(507,000)</b>	<b>(529,000)</b>

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

	2019 £	2018 £
<b>At 1 September</b>	5,149,000	4,856,000
Interest cost	151,000	128,000
Employee contributions	74,000	76,000
Actuarial losses/(gains)	976,000	(344,000)
Benefits paid	(59,000)	(56,000)
Past service costs	6,000	-
Current Service Costs	463,000	489,000
<b>At 31 August</b>	<b>6,760,000</b>	<b>5,149,000</b>

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

	2019 £	2018 £
<b>At 1 September</b>	3,879,000	3,371,000
Interest income	113,000	88,000
Actuarial losses	233,000	102,000
Employer contributions	311,000	298,000
Employee contributions	74,000	76,000
Benefits paid	(59,000)	(56,000)
<b>At 31 August</b>	<b>4,551,000</b>	<b>3,879,000</b>

## BIRCHWOOD HIGH SCHOOL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

#### 25. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	12,053	24,370
Later than 1 year and not later than 5 years	10,918	10,899
	<u>22,971</u>	<u>35,269</u>

#### 26. 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.

#### 27. Related party transactions

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

Neville Prior, a Trustee, is the Chairman of Cornelius Group PLC. During the year, the Academy received a donation from the Company of £720 (2018 - £NIL). As at 31 August 2019, an amount of £NIL (2018 - £NIL) was due from Cornelius Group PLC.

There were no other related party transactions during the year.