

BIRCHWOOD COMMUNITY ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

Haines Watts

Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

SATURDAY



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COMPANIES HOUSE

BIRCHWOOD COMMUNITY ACADEMY TRUST

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BIRCHWOOD COMMUNITY ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	A Atherton A Paton D Ost B Evans C Burrows
Trustees	A Atherton (chair) C Burrows (vice chair) A Paton D Ost B Evans R Panting P Taylor M Proctor A Lindsay N Reeves (reappointed 1 November 2015) J Whalley (appointed 12 July 2016) C Doherty (appointed 12 July 2016) D Parr (appointed 1 November 2015, resigned 23 June 2016) J Kirk (appointed 1 November 2015, resigned 6 June 2016) M Bryan (headteacher and accounting officer) (appointed 1 September 2015) L Gilchrist (staff trustee) J Wilson (staff trustee) T Lynskey (staff trustee) G Hughes (resigned 1 November 2015) T Coles (resigned 1 November 2015) I Parkinson (resigned 23 November 2015) J Evans (resigned 1 March 2016)
Company secretary	J Calderbank
Senior leadership team:	
Headteacher	M Bryan
Deputy headteacher	J Burnham
Deputy headteacher	L MacLaren
Assistant headteacher	J Roscow
Assistant headteacher	R Grimmer
School business manager	A O'Reilly
Director of facilities and health and safety	R Johnson
Company name	Birchwood Community Academy Trust
Principal and registered office	Brock Road, Birchwood, Warrington, Cheshire WA3 7PT
Company registration number	08426967 (England and Wales)
Independent auditor	Haines Watts Bridge House, Ashley Road, Hale Altrincham WA14 2UT
Bankers	Lloyds Bank Plc 1 Horsemarket Street Warrington WA1 1TP
Solicitors	Browne Jacobson LLP Ground Floor, 3 Piccadilly Place Manchester M1 3BN

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Birchwood in East Warrington. It has a pupil capacity of 1,225 and had a roll of 1,078 in the school census on 6 October 2016.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Birchwood Community Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Birchwood Community Academy Trust.

Details of the trustees who served during the year are included in the reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

Subject to the provision of the Companies Act 2006, every trustee or other officer of the academy trust shall be indemnified out of the assets of the academy trust against liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust. The academy is a member of the Department for Education's risk protection arrangements (RPA), an alternative to commercial insurance where UK government funds cover losses that arise. The scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall costs of the RPA scheme.

Method of recruitment and appointment or election of trustees

The management of the academy trust is the responsibility of the trustees who are elected and co-opted under the terms set out in the articles of association.

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charities legislation. Trustees are appointed by members. The trustees may appoint up to three co-opted trustees and six community trustees. Trustees are appointed as and when vacancies occur or when individuals with the skills required are identified.

Parent trustees shall be elected by parents of the registered learners and students at the academy trust, using the procedures set out in the articles of association. The Secretary of State retains the power to appoint additional trustees.

The term of office for any trustee shall be four periods (one period being a school year) save that this time limit shall not apply to the headteacher. Subject to remaining eligible to be a particular type of trustee any trustee may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

Training and induction for new trustees is given on an individual basis and includes one to one meetings with key staff and trustees, visits to the school and a Governors' Handbook.

Where necessary induction will include training on educational, legal and financial matters. All new trustees are provided with copies of key documents, such as articles of association, policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as trustees.

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The new academy trust began trading on 1 July 2013 (having been incorporated on 4 March 2013) and has developed a governance and management structure deemed appropriate to the academy trust's constitution and objects. The academy trust's organisational structure consists of four levels: the trustees, the senior leadership team (SLT), heads of department and subject leaders. The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring financial and operational performance and making strategic decisions about the direction of the academy trust, approving major items of expenditure and making senior staff appointments.

During the course of the period to 31 August 2016 the full board of trustees met five times. The board of trustees operates a committee structure reporting to the main board of trustees. All committees have approved terms of reference. The structure of the committees was changed following a review of governance in July 2016. There are four sub-committees:

- Executive – which comprises the chairs of other committees.
- Standards – which reviews the curriculum, performance and improvement.
- Finance and Facilities – which monitors finance, facilities and health and safety.
- Personnel – which reviews staff pay and human resources policies.

Prior to the review of governance there were five committees:

- Executive – which comprises the chairs of other committees.
- Academic Planning and Quality – which reviewed the curriculum, performance and improvement.
- Facilities and Health and Safety – which monitored facilities and health and safety.
- Finance and Facilities – which monitored finance and facilities.
- Personnel – which reviews staff pay and human resources policies.

The trustees have approved a scheme of financial and decision making delegation which clearly sets out the level of authority delegated to the headteacher and members of the senior leadership team.

The accounting officer is Moira Bryan (headteacher). The senior leadership team is responsible for developing and implementing the academy trust's plans that seek to deliver the best outcomes for its learners and students within the agreed budget and scheme of delegation approved by trustees. The members of the senior leadership team are set out on page 1. The chief financial officer is Alan O'Reilly (school business manager). The heads of department and subject leaders are responsible for the day to day delivery of teaching and learning of the academy trust, in particular the teaching staff, learners and students.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the academy's key management personnel are reviewed by the personnel committee and approved by the full board of trustees. The academy follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The academy's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document. The academy adheres to Local Government pay arrangements for support staff and follows the Local Government pay spine.

Related parties and other connected charities and organisations

The academy works within the local authority of Warrington and as such has close links with Warrington Borough Council. The academy has connected party relationships with LiveWire, a charitable trust which delivers leisure, library and lifestyle services in Warrington, to improve health and wellbeing outcomes for the local community including our learners, students and their families. The academy also has connected party relationships with 5 local primary schools through a strategic working group called Warrington East Strategic Partnership, which aims to maximise progress and attainment for all children and young people in schools and to support the welfare of families.

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is set out in the articles of association. In summary it is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. In addition the academy trust aims to improve teaching and learning on a wider basis across school communities through partnership arrangements. In accordance with the articles of association, the academy trust has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, among other things, the basis for admitting learners and students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

Objectives, strategies and activities

The academy has established a school improvement plan which is reviewed on an ongoing basis. School priorities for the period from 1 September 2015 to 31 August 2016 were:

1. To create a learning culture that is aspirational, has high expectations and celebrates success.
2. To support all learners and students so that they make expected progress or better with an emphasis on the more able, Pupil Premium and SEND.
3. To improve the attendance and behaviour of learners and students creating a climate of mutual respect and tolerance.

Public benefit

In setting the academy trust's objectives and planning activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. There is a wide range of extra-curricular activities, educational trips and foreign trips offered and undertaken by learners and students.

Strategic report

Achievements and performance

Key Stage 4 achievement and performance

The 2016 results at key stage 4 were an improvement on 2015 results. The academy had significant improvements in all five new key performance measures. There was also an improvement in the percentage of learners achieving A* to C grades in five or more GCSE subjects including English and maths. There were 202 learners in Year 11 in 2016.

New Key Performance Measures	2016	2015
Progress 8	-0.15	-0.37
Attainment 8	50.9	47.6
% C+ in English and Maths	69	58
% of English Baccalaureate	25	23
% in Education, Employment or Training	99.5	99.0
Old Key Performance Measure		
% 5+ A*- C or equivalent inc. English & Maths	66	54

The Progress 8 score has had a significant increase of -0.22 from -0.37 in 2015 to -0.15 in 2016 (based on 2015 data). Improving progress across the school was one of three school priorities last year and remains a target for this year. The target to achieve a positive P8 score was not achieved. However, improvements implemented across the academy last year have had an impact. This is an average score and approximately 40% of schools are in the average category in 2016.

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Attainment 8 score has improved from 2015 to be in line with the 2014 score which is a positive step forward but continues to be a target for improvement in 2017. The academy's Attainment 8 score was higher than the national average of 48.2 and the local authority average of 49.8 in 2016.

The percentage of learners achieving a C grade or better in English and maths increased by 11% due to a programme of coordinated interventions. This compares favourably to the national average of 58.7% and the local authority average of 63.2% for 2016. The percentage of learners who gained two C grades or better in science 71%, a huge increase of 16% from 55% in 2015.

The English-Baccalaureate (EBacc) is not compulsory at the academy. It is strongly recommended for more able learners but learners from all ability levels take the subjects that make up the EBacc. In 2016, 33% of learners took this combination of subjects and 25% achieved a C+ in all six subjects (English, maths, two sciences, history or geography, and a language). The academy's EBacc results compare favourably to the national and local authority averages of 22.8% and 23.5% respectively for 2016.

Careers Information Advice and Guidance is a strength of the school and 99.5% of learners leave the school to take up employment, further education or training. The national average and local authority averages for 2016 were 94%.

The measure of learners achieving A* to C grades in five or more GCSE subjects including English and maths is no longer being used as part of the national accountability measures for schools. However, it is still widely used and the result was 65.8% in 2016, an increase of 11.4% on 2015.

Key Stage 5 achievement and performance

51 students completed Year 13 in 2016 at Birchwood College. The composition of the cohort was 7 students taking straight A-level subjects, 21 taking straight BTEC courses and 23 taking a combination of the two. Overall, 83% of students either achieved or exceeded their target in 2016 compared to 64% in 2015. The same measure for BTECs was 98% in 2016 compared to 87% in 2015. In A Levels this figure was 62% in 2016 compared to 54% in 2015.

All courses	2016	2015
On or exceeding target A level	62%	54%
On or exceeding target BTEC	98%	87%
On or exceeding combined	83%	64%

Key Stage 5 destinations

All students were encouraged to complete a UCAS application form during the academic year, although five students withdrew their application at a later point after securing full time employment or an apprenticeship. 95% of students who applied to university achieved the grades required for their first choice but three students subsequently decided not to take up places offered. The destinations of Year 13 students in 2016 were:

Destinations	2016	2015
University	78%	77%
Apprenticeship	10%	3%
Other employment	10%	20%
Moving abroad	2%	-

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

Financial

The academy complies with all of the terms and conditions of its funding agreement.

Ofsted

The academy received an Ofsted section 5 inspection on 4 and 5 May 2016 and received a Requires Improvement grade for overall effectiveness. The grades for other areas were:

Overall effectiveness	Requires improvement
Effectiveness of leadership and management	Requires improvement
Quality of teaching, learning and assessment	Requires improvement
Personal development, behaviour and welfare	Requires improvement
Outcomes for pupils	Requires improvement
16 to 19 study programmes	Good

Attendance

The attendance of learners and students improved in 2015/16 to 94.3% (2014/15:94.0%).

	2016	2015
Birchwood Community High School	94.6%	94.3%
Birchwood College	92.5%	91.5%
Overall	94.3%	94.0%

Going concern

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

Financial review

The financial statements covering the year from 1 September 2015 to 31 August 2016 show a reduction in total funds of £1,201,000 in the period from £9,917,000 at 31 August 2015 to £8,716,000 at 31 August 2016. This movement comprised a £912,000 increase in the academy's share of the Cheshire Pension Fund deficit, and a £289,000 decrease on other funds due to a depreciation charge of £346,000, revenue expenditure on new curriculum developments funded from a designated reserve of £60,000 and an underlying increase on other funds of £117,000.

Tangible fixed asset additions during the year amounted to £213,000 (2014/15: £448,000). The £57,000 land and buildings additions included £37,000 for new external fencing and a new external entrance to the main building. The £88,000 fixtures and fittings additions include £36,000 for the completion of the design block project and £12,000 for new furniture in the academy's main catering dining rooms. Equipment additions of £68,000 include £18,000 for new laptops for college students, £6,000 of music equipment and £8,000 for design technology equipment.

At £56,000 cash outflow (2014/15: £314,000 inflow) from operating activities was to be expected. The majority of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and associated expenditure are shown as restricted funds in the statement of financial activities.

The academy's share of the Cheshire Pension Fund's deficit was £1,929,000 (2014/15: £1,017,000). This pension scheme is provided for support staff and it should be noted that this does not present a liquidity problem for the academy. Employer contributions to the scheme are set as part of the triennial review which is currently underway. The academy's employer contributions will be set for three years beginning on 1 April 2017 and will be notified to the academy in advance of this date.

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

The trustees review the level of reserves held by the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves held as cash should be a minimum of £400,000. The reason for this is to provide sufficient working capital to cover one month of payroll costs. The academy's current level of reserves held as cash is £765,000 (2014/15: £1,006,000).

Total funds at 31 August 2016 were £8,716,000 (2014/15: £9,917,000). This was comprised of fixed asset restricted funds of £10,062,000 (2014/15: £9,838,000), restricted general funds of £47,000 (2014/15: £NIL), school funds of £69,000 (2014/15: £66,000), and unrestricted general funds of £467,000 (2014/15: £1,030,000).

A transfer of £546,000 has been made during the year to reflect the purchase of fixed assets for which no capital grants were received.

The trustees have reviewed the unrestricted funds designated in the balance sheet last year. In relation to the new national curriculum developments fund £60,000 has been spent during the year and a further £13,000 identified for spend in 2016/17. The trustees have agreed that the remaining £127,000 be un-designated and transferred back to general unrestricted funds. In relation to the falling roll and associated staff adjustments fund the trustees believe this should remain designated for the next year.

Investment policy

Investments are made only in accordance with the written procedures approved by trustees.

Principal risks and uncertainties

The academy has financial regulations and has established a risk register which is monitored and updated by the finance and facilities committee regularly. The principal risks faced by the academy are:

1. Recruitment of Year 7 learners is poor due to increased local competition and/or poor academic performance at the academy.

The measures in place to mitigate the risk:

- School improvement plan
- Programme of marketing of the school to Year 5 and 6 pupils and parents
- Monitoring local demographics

2. Recruitment of Year 12 students is poor due to local competition and/or poor academy performance.

The measures in place to mitigate the risk:

- School improvement plan
- Programme of marketing of the school to Year 11 learners and parents
- Monitoring local demographics and targeting key areas

3. The academy fails to achieve the savings required to ensure long term financial viability.

The measures in place to mitigate the risk:

- Curriculum planning
- Restructure of teaching and support staffing in 2016/17
- Engagement of professional legal and human resources advice
- Financial planning, budgeting and regular monitoring

Plans for future periods

The academy's school improvement plan for 2016/17 sets out five school priorities for the future:

- Improve the effectiveness of leadership and management
- Improve the quality of teaching, learning and assessment
- Improve personal development, behaviour and welfare
- Improve outcomes for 11-16 pupils
- Improve the effectiveness of 16 to 19 study programmes

BIRCHWOOD COMMUNITY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)


FOR THE YEAR ENDED 31 AUGUST 2016

Auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all 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.

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 7 December 2016 and signed on the board's behalf by:



.....
A Atherton

Chair of trustees

BIRCHWOOD COMMUNITY ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

The academy is committed to exhibiting best practice in all aspects of corporate governance.

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Birchwood Community Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met five 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
A Atherton	4	5
C Burrows	4	5
A Paton	3	5
D Ost	3	5
B Evans	1	5
T Coles	-	1
R Panting	4	5
G Hughes	4	5
P Taylor	1	5
N Reeves	5	5
J Evans	3	4
A Lindsay	3	5
L Gilchrist	4	5
T Lynskey	3	5
M Bryan	5	5
J Kirk	2	3
M Proctor	4	5
D Parr	2	3
J Wilson	5	5
C Doherty	1	1
I Parkinson	1	1

An external review of governance at the academy was carried out in July 2016. Trustees have established an action plan to address the findings and implement the recommendations made in the report. Trustees have arrangements for self-evaluation which ensure the skills and experience of the board of trustees match the requirements of the academy trust.

The finance and facilities committee is a sub-committee of the main board of trustees. Its purpose is to consider the key aspects of the financial management of the academy and to review the audit arrangements operating at the academy. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Paton (chair)	6	6
A Atherton	6	6
M Bryan	6	6
A Lindsay	6	6
C Burrows	5	6
G Hughes	3	6
P Taylor	5	6
R Panting	5	6

BIRCHWOOD COMMUNITY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

The accounting officer for the academy trust has delivered improved value for money during the year by:

1. Supporting more students to achieve their potential:

The improved academic performance in 2016 is testament to the hard work of learners, students and staff. It also demonstrates the impact of the academy's curriculum planning and its appropriateness to the learners and students attending the academy. The curriculum is broad and balanced and caters for the individual needs of learners and students. The academy also invests in offsite alternative provision for a small number of learners with social, emotional and behavioural difficulties.

The Progress 8 score increased by 0.34 from -0.37 in 2015 to -0.03 in 2016 (based on 2015 national data). Improving progress across the school was one of three school priorities last year and remains a target for this year. In 2016, the academy improved significantly on the measure of learners achieving A* to C grades in five or more GCSE subjects including English and maths. The result was 65.8% in 2016, an increase of 11.4% on 2015.

The destination of the academy's learners and students is a strength. In 2016, 99.5% of year 11 learners went on to further education, employment or training. In year 13, 98% of learners went on to further education, employment or training.

The attendance of learners and students improved in 2016 to 94.3% from 94.0% in 2015.

2. Improved governance and oversight of academy finances:

The trustees are committed to ensuring that oversight and scrutiny of the academy's financial management is robust. The finance and facilities committee meets nine times each academic year to fulfil its responsibilities. The committee has clear terms of reference which are reviewed annually. The committee receives updated information on income and expenditure for the year at each meeting. The committee also regularly reviews key financial policies and procedures and also oversees the academy's audit arrangements.

3. More effective and efficient use of resources:

The academy takes a prudent approach to expenditure. The academy spends 81% of its budget on staff costs. The staffing structure is reviewed annually as part of the budget setting process to ensure it is fit for purpose and can adapt and respond to support the successful attainment of the school improvement plan.

Staff are deployed to provide best value for money. The academy's pay policy and appraisal policy recognise and reward staff appropriately for their contribution to the academy during the year. The academy payroll is maintained by Strictly Education Limited, and detailed monthly checks are carried out to ensure payments to staff are timely and accurate.

The academy's financial regulations are followed by staff and sets out procedures for the main areas of financial management, such as ordering and payments, payroll, cash and banking and fixed assets. The regulations also set out the responsibilities for staff including the headteacher, school business manager, the responsible officer, budget holders and others. All purchasing decisions are made following the principles of value for money.

Purchases over £10,000 require three written quotes and the award of contracts over £40,000 is subject to open and competitive tendering. Tendering procedures are included in the financial regulations.

BIRCHWOOD COMMUNITY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4. Growing income generated by letting facilities:

The academy generates income through letting its facilities to the local community. As well as generating income this provides a valuable resource for the local community. In November 2015, the academy took over control of lettings from Birchwood Education and Leisure Link (BELL) in order to maximise income generated from lettings.

5. Improved management of risks and mitigating controls:

The academy established a risk management policy and risk register in July 2016. Insurance is currently provided by the Department for Education's risk protection arrangements.

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 trust 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 Community Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust 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 trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust'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 general purposes 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 allocate this role to the responsible officer for the period.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

On a quarterly basis, the responsible officer reports to the board of trustees, through the finance and facilities committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

BIRCHWOOD COMMUNITY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Review of effectiveness

As accounting officer the headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and facilities committee and will plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 7 December 2016 and signed on its behalf by:

.....
A Atherton
Chair of trustees

.....

M Bryan
Accounting officer

BIRCHWOOD COMMUNITY ACADEMY TRUST

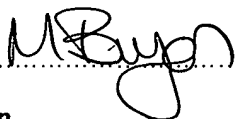
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Birchwood Community Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



M Bryan
Accounting officer

7 December 2016

BIRCHWOOD COMMUNITY ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for Birchwood Community Academy Trust and are also the directors of Birchwood Community Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that grants received from EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 7 December 2016 and signed on its behalf by:



A Atherton
Chair of trustees

BIRCHWOOD COMMUNITY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BIRCHWOOD COMMUNITY ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the accounts of Birchwood Community Academy Trust for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees, who are also the directors of Birchwood Community Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

BIRCHWOOD COMMUNITY ACADEMY TRUST

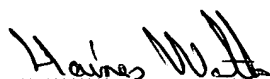
INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BIRCHWOOD COMMUNITY ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.



John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of

Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: 7 December 2016

BIRCHWOOD COMMUNITY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BIRCHWOOD COMMUNITY ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 21 July 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Birchwood Community Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Birchwood Community Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Birchwood Community Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

BIRCHWOOD COMMUNITY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BIRCHWOOD COMMUNITY ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

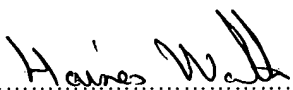
FOR THE YEAR ENDED 31 AUGUST 2016

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts
Reporting Accountant

Dated: 7/10/16

BIRCHWOOD COMMUNITY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	1	6	23	30	220
Charitable activities:						
- Funding for educational operations	3	-	5,641	-	5,641	5,679
Other trading activities	4	432	-	-	432	584
Investments	5	5	-	-	5	3
Total income and endowments		<u>438</u>	<u>5,647</u>	<u>23</u>	<u>6,108</u>	<u>6,486</u>
Expenditure on:						
Raising funds	6	222	-	-	222	230
Charitable activities:						
- Educational operations	7	233	5,687	346	6,266	6,356
Total expenditure	6	<u>455</u>	<u>5,687</u>	<u>346</u>	<u>6,488</u>	<u>6,586</u>
Net income/(expenditure)		(17)	(40)	(323)	(380)	(100)
Transfers between funds		(546)	-	546	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(821)	-	(821)	103
Net movement in funds		<u>(563)</u>	<u>(861)</u>	<u>223</u>	<u>(1,201)</u>	<u>3</u>
Reconciliation of funds						
Total funds brought forward		<u>1,030</u>	<u>(952)</u>	<u>9,839</u>	<u>9,917</u>	<u>9,914</u>
Total funds carried forward		<u>467</u>	<u>(1,813)</u>	<u>10,062</u>	<u>8,716</u>	<u>9,917</u>


BIRCHWOOD COMMUNITY ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016	2015
	Notes	£000	£000
Fixed assets			
Tangible assets	11	10,062	10,195
Current assets			
Debtors	12	94	169
Cash at bank and in hand		765	1,006
		859	1,175
Current liabilities			
Creditors: amounts falling due within one year	13	(276)	(436)
Net current assets		583	739
Net assets excluding pension liability		10,645	10,934
Defined benefit pension liability	17	(1,929)	(1,017)
Net assets		8,716	9,917
Funds of the academy trust:			
Restricted funds	15		
- Fixed asset funds		10,062	9,839
- Restricted income funds		116	65
- Pension reserve		(1,929)	(1,017)
Total restricted funds		8,249	8,887
Unrestricted income funds	15	467	1,030
Total funds		8,716	9,917

The accounts were approved by the board of trustees and authorised for issue on 7 December 2016 and are signed on its behalf by:


A Atherton
Chair of trustees

Company Number 08426967

BIRCHWOOD COMMUNITY ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(56)	314
Cash flows from investing activities			
Dividends, interest and rents from investments		5	3
Capital grants from DfE and EFA		23	219
Payments to acquire tangible fixed assets		(213)	(447)
		(185)	(225)
Change in cash and cash equivalents in the reporting period		(241)	89
Cash and cash equivalents at 1 September 2015		1,006	917
Cash and cash equivalents at 31 August 2016		<u>765</u>	<u>1,006</u>

BIRCHWOOD COMMUNITY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

Birchwood Community Academy Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Birchwood Community Academy Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants receivable

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

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 COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

1.5 Tangible fixed assets and depreciation

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 that require 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than long leasehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	2%
Computer equipment	5 years
Fixtures, fittings & equipment	5 and 8 years
Motor vehicles	10 years

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.

1.6 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 trust 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged on a straight line basis over the period of the lease.

1.8 Taxation

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

1.9 Pensions benefits

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

BIRCHWOOD COMMUNITY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.10 Fund accounting

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

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

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

1.11 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 18.

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	23	23	219
Other donations	1	6	7	1
	<u>1</u>	<u>29</u>	<u>30</u>	<u>220</u>

The income from donations and capital grants was £30,000 (2015: £220,000) of which £1,000 was unrestricted (2015: £1,000), £6,000 was restricted (2015: £-) and £23,000 was restricted fixed assets (2015: £219,000).

3 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
General annual grant (GAG)	-	5,260	5,260	5,351
Other DfE / EFA grants	-	252	252	225
	<u>-</u>	<u>5,512</u>	<u>5,512</u>	<u>5,576</u>
Other government grants				
Local authority grants	-	129	129	103
	<u>-</u>	<u>129</u>	<u>129</u>	<u>103</u>
Total funding	<u>-</u>	<u>5,641</u>	<u>5,641</u>	<u>5,679</u>

The income from funding for educational operations was £5,641,000 (2015: £5,679,000) of which £5,641,000 was restricted (2015: £5,679,000).

The academy trust received £129,000 from the local authority, being £109,000 high needs funding and £20,000 pupil premium funding. There were no unfulfilled conditions or other contingencies relating to the grants in the year.

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	67	-	67	3
Catering income	167	-	167	198
Music tuition	10	-	10	-
School trip income	127	-	127	-
Other income	61	-	61	383
	<u>432</u>	<u>-</u>	<u>432</u>	<u>584</u>

The income from other trading activities was £432,000 (2015: £584,000 of which £432,000 was unrestricted (2015: £405,000) and £- was restricted (2015: £179,000)).

5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	<u>5</u>	<u>-</u>	<u>5</u>	<u>3</u>

The income from funding for investment income was £5,000 (2015: £3,000) of which £5,000 was unrestricted (2015: £3,000).

6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2016 £000	Total 2015 £000
Academy's educational operations					
- Direct costs	4,150	311	515	4,976	4,250
- Allocated support costs	<u>637</u>	<u>95</u>	<u>558</u>	<u>1,290</u>	<u>2,106</u>
	<u>4,787</u>	<u>406</u>	<u>1,073</u>	<u>6,266</u>	<u>6,356</u>
Other expenditure					
Raising funds	<u>140</u>	<u>-</u>	<u>82</u>	<u>222</u>	<u>230</u>
Total expenditure	<u>4,927</u>	<u>406</u>	<u>1,155</u>	<u>6,488</u>	<u>6,586</u>

The expenditure on raising funds was £222,000 (2015: £230,000) of which £222,000 was unrestricted (2015: £-) and £- was restricted (2015: £230,000).

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

Net income/(expenditure) for the year includes:	2016 £000	2015 £000
Fees payable to auditor for:		
- Audit	4	4
- Other services	4	-
Operating lease rentals	4	-
Depreciation of tangible fixed assets	346	332
	<u>346</u>	<u>332</u>

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Direct costs - educational operations	233	4,743	4,976	4,250
Support costs - educational operations	-	1,290	1,290	2,106
	<u>233</u>	<u>6,033</u>	<u>6,266</u>	<u>6,356</u>

The expenditure on educational operations was £6,266,000 (2015: £6,356,000) of which £173,000 was unrestricted (2015: £53,000), £5,747,000 was restricted (2015: £5,971,000) and £346,000 was restricted fixed assets (2015: £332,000).

Analysis of costs	2016 £000	2015 £000
Direct costs		
Teaching and educational support staff costs	4,138	3,451
Staff development	12	9
Depreciation and amortisation	311	332
Technology costs	29	67
Educational supplies and services	358	266
Examination fees	106	83
Educational consultancy	-	42
Other direct costs	22	-
	<u>4,976</u>	<u>4,250</u>

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	2016	2015
	£000	£000
Support costs		
Support staff costs	637	1,397
Depreciation and amortisation	35	-
Technology costs	4	-
Maintenance of premises and equipment	60	43
Cleaning	133	131
Energy costs	91	100
Rent and rates	68	65
Insurance	33	34
Security and transport	11	-
Interest on pension deficit	39	38
Other support costs	146	272
Governance costs	33	26
	<u>1,290</u>	<u>2,106</u>

8 Staff costs

	2016	2015
	£000	£000
Wages and salaries	3,789	4,062
Social security costs	288	261
Operating costs of defined benefit pension schemes	663	647
	<u>4,740</u>	<u>4,970</u>
Staff costs	4,740	4,970
Supply staff costs	130	-
Staff restructuring costs	45	-
Staff development and other staff costs	12	19
	<u>4,927</u>	<u>4,989</u>

Staff numbers

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

	2016	2015
	Number	Number
Teachers	68	80
Administration and support	87	78
Management	7	7
	<u>162</u>	<u>165</u>

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	4	1
£70,001 - £80,000	1	-
£80,001- £90,000	-	1
	<u> </u>	<u> </u>

Staff restructuring costs relate to redundancy payments.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £465,500 (2015: £526,995).

9 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

M Bryan (principal and trustee)

Remuneration £70,001 - £75,000 (appointed 1 September 2015)

Employers pension contribution paid £10,001 - £15,000 (appointed 1 September 2015)

L Gilchrist (staff trustee)

Remuneration £35,001 - £40,000 (2015: £35,001 - £40,000)

Employers pension contribution paid £5,001 - £10,000 (2015: £5,001 - £10,000)

T Lynskey (staff trustee)

Remuneration £25,001 - £30,000 (2015: £25,001 - £30,000)

Employer pension contribution paid £5,001 - £10,000 (2015: £1 - £5,000)

J Wilson (staff trustee)

Remuneration £35,001 - £40,000 (2015: £35,001 - £40,000)

Employer pension contribution paid £5,001 - £10,000 (2015: £5,001 - £10,000)

A Bright (principal and trustee)

Remuneration - resigned 31 August 2015 (2015: £80,001 - £85,000)

Employer pension contribution paid - resigned 31 August 2015 (2015: £10,001 - £15,000)

C Dore (staff trustee)

Remuneration - resigned 23 February 2015 (2015: £30,001 - £35,000)

Employer pension contribution paid - resigned 23 February 2015 (2015: £1 - £5,000)

During the year ended 31 August 2016, no expenses were reimbursed to trustees (2015: £489 to 2 trustees).

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was included within the insurance costs.

11 Tangible fixed assets

	Long leasehold buildings £000	Computer equipment £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2015	10,234	601	221	37	11,093
Additions	57	68	88	-	213
At 31 August 2016	10,291	669	309	37	11,306
Depreciation					
At 1 September 2015	358	397	135	8	898
Charge for the year	154	96	87	9	346
At 31 August 2016	512	493	222	17	1,244
Net book value					
At 31 August 2016	9,779	176	87	20	10,062
At 31 August 2015	9,876	204	86	29	10,195

12 Debtors

	2016 £000	2015 £000
Trade debtors	4	45
VAT recoverable	12	56
Other debtors	-	39
Prepayments and accrued income	78	29
	94	169

13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	25	56
Other taxation and social security	92	-
Other creditors	6	-
Accruals and deferred income	153	380
	276	436

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

14	Deferred income	2016 £000	2015 £000
	Deferred income is included within:		
	Creditors due within one year	55	60
	Deferred income at 1 September 2015	60	-
	Released from previous years	(60)	-
	Amounts deferred in the year	55	60
	Deferred income at 31 August 2016	55	60

At 31 August 2016 the academy trust was holding funds received in advance for the following purposes:

- Grants received in advance of £49,960
- Charges made in advance of £4,897

15	Funds	Balance at 1 September 2015 £000	Incoming resources £000	Resources expended £000	Gains, losses & transfers £000	Balance at 31 August 2016 £000
	Restricted general funds					
	General Annual Grant	-	5,260	(5,213)	-	47
	Other DfE / EFA grants	-	252	(252)	-	-
	Other government grants	-	129	(129)	-	-
	Other restricted funds	65	6	(2)	-	69
	Funds excluding pensions	65	5,647	(5,596)	-	116
	Pension reserve	(1,017)	-	(91)	(821)	(1,929)
		(952)	5,647	(5,687)	(821)	(1,813)
	Restricted fixed asset funds					
	DfE / EFA capital grants	336	23	(11)	-	348
	Inherited funds	9,503	-	(232)	-	9,271
	Capital expenditure from general funds	-	-	(103)	546	443
		9,839	23	(346)	546	10,062
	Total restricted funds	8,887	5,670	(6,033)	(275)	8,249
	Unrestricted funds					
	General funds	1,030	438	(455)	(546)	467
	Total funds	9,917	6,108	(6,488)	(821)	8,716

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

	Balance at 1 September 2015 £000	Incoming resources £000	Resources expended £000	Gains, losses & transfers £000	Balance at 31 August 2016 £000
General unrestricted funds include the following designated funds:					
New national curriculum developments	200	-	(60)	(127)	13
Falling roll and related restructuring costs	250	-	-	-	250
Balance of general funds	580	438	(395)	(419)	204
	<u>1,030</u>	<u>438</u>	<u>(455)</u>	<u>(546)</u>	<u>467</u>

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and the capital expenditure. Other restricted funds are those monies collected from and/or on behalf of pupil events and activities and are ring-fenced as such.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objects of the academy.

Unrestricted funds are funds which the board of trustees may use in the pursuance of the academy's objects and are expendable at the discretion of the trustees. Designated funds are those funds that have been ring-fenced by the trustees for future commitments or anticipated costs. These do not have an externally imposed restriction and can be un-designated or amended at the discretion of the trustees.

The transfer from unrestricted general funds to restricted fixed asset fund is to meet the cost of fixed assets for which there was no specific capital funding.

The transfer within the unrestricted reserves from new national curriculum developments to general funds reflects the decision of the trustees to un-designate these funds as they were not deemed to be in excess of the funds needed for this purpose.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

16 Analysis of net assets between funds

	Unrestricted Funds £000	General £000	Restricted funds: Fixed asset £000	Total 2016 £000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	10,062	10,062
Current assets	467	392	-	859
Creditors falling due within one year	-	(276)	-	(276)
Defined benefit pension liability	-	(1,929)	-	(1,929)
	<u>467</u>	<u>(1,813)</u>	<u>10,062</u>	<u>8,716</u>

BIRCHWOOD COMMUNITY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £434,000 (2015: £ 390,000).

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

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.6% for employers and 9.5% for employees.

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

Total contributions made	2016 £000	2015 £000
Employer's contributions	177	186
Employees' contributions	57	61
Total contributions	234	247
Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.1	3.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
Expected return on assets	2.1	3.8

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity analysis

Changes in assumptions at 31 August 2016	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	594
1 year increase in member life expectancy	3%	123
0.5% increase in the Salary Increase Rate	6%	249
0.5% increase in the Pension Increase Rate	8%	325

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

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

	2016 Years	2015 Years
Retiring today		
- Males	22.3	22.3
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.7	26.7

The academy trust's share of the assets in the scheme	2016 Fair value £000	2015 Fair value £000
Equities	1,153	758
Bonds	849	644
Cash	22	64
Property	152	145
Total market value of assets	2,176	1,611

Actual return on scheme assets - gain/(loss)	331	(117)
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Amounts recognised in the statement of financial activities	2016 £000	2015 £000
Current service cost (net of employee contributions)	229	252
Net interest cost	39	38

Changes in the present value of defined benefit obligations	2016 £000	2015 £000
Obligations at 1 September 2015	2,628	2,263
Current service cost	229	252
Interest cost	105	89
Employee contributions	57	61
Actuarial loss/(gain)	1,086	(37)
At 31 August 2016	4,105	2,628

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

Changes in the fair value of the academy trust's share of scheme assets

	2016 £000	2015 £000
Assets at 1 September 2015	(1,611)	(1,247)
Interest income	(66)	(71)
Return on plan assets (excluding amounts included in net interest): Actuarial gain	(265)	(46)
Employer contributions	(177)	(186)
Employee contributions	(57)	(61)
At 31 August 2016	<u>2,176</u>	<u>1,611</u>

18 Agency agreements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £13,517 and distributed £7,517 from the fund. An amount of £6,000 is included in other creditors relating to undistributed funds that are repayable to EFA.

19 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £000	2015 £000
Net expenditure for the reporting period	(380)	(100)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(23)	(219)
Investment income	(5)	(3)
Defined benefit pension costs less contributions payable	52	66
Defined benefit pension net finance cost/(income)	39	38
Depreciation of tangible fixed assets	346	332
(Increase)/decrease in stocks	-	4
(Increase)/decrease in debtors	75	7
Increase/(decrease) in creditors	(160)	189
Net cash used in operating activities	<u>(56)</u>	<u>314</u>

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £000	2015 £000
Amounts due within one year	7	2
Amounts due in two and five years	7	11
	<u>14</u>	<u>13</u>

21 Related party transactions

Owing to the size and nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All such transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

The academy charged the cluster schools at cost for services provided by academy staff during the year. Four local primary schools have trustees who are either trustees or senior staff at the academy. These were:

Organisation	Trustee or senior staff	Type	Value
Birchwood C of E Primary School	R Grimmer	Income	£4,171
Cinnamon Brow CE Primary School	T Lynskey	Income	£9,215
Locking Stumps Community Primary School	C Burrows	Income	£6,693
Gorse Covert	C Burrows, J Roscow	Income	£5,667

The academy purchases places at the Warrington Pupil Referral Unit for children with emotional, social and behavioural difficulties. J Burnham is senior deputy headteacher at the academy and a trustee at New Horizons School.

Organisation	Trustee or senior staff	Type	Value
New Horizons	J Burnham	Expenditure	£61,979

LiveWire CIC is the community interest company that runs Libraries and leisure centres on behalf of Warrington Borough Council. The academy recharges facility costs to LiveWire CIC for the library situated at the academy's site. Live Wire recharge the academy for facility costs in respect of the sports hall which is part of a building shared with Live Wire. P Taylor is a trustee at the academy and a board member of LiveWire CIC.

Organisation	Trustee or senior staff	Type	Value
LiveWire	P Taylor	Income	£11,425
LiveWire	P Taylor	Expenditure	£3,640

In entering into the transactions the academy trust has complied with the requirements of the Academies Financial Handbook 2015.

BIRCHWOOD COMMUNITY ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

23 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

		1 September 2014 £000	31 August 2015 £000
	Notes		
Funds as reported under previous UK GAAP		9,915	9,917
Adjustments arising from transition to FRS 102:			
Changes in recognition of LGPS interest cost	1	-	(20)
Changes in actuarial loss	1	-	20
Funds reported under FRS 102		<u>9,915</u>	<u>9,917</u>

Reconciliation of net income for the previous financial period

		2015 £000
	Notes	
Net income as reported under previous UK GAAP		3
Adjustments arising from transition to FRS 102:		
Changes in recognition of LGPS interest cost	1	(20)
Changes in actuarial loss	1	20
Net income reported under FRS 102		<u>3</u>

Notes to reconciliations on adoption of FRS 102

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £20,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.