

Company Registration No. 07733196 (England and Wales)

BEECH HILL SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016

BEECH HILL SCHOOL

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BEECH HILL SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr C Haddock (Chair of Governors)
Mr N Hussain (Resigned 22 September 2015)
Mrs R Hussain (Resigned 22 September 2015)
Mrs S Hussain (Principal)
Mrs S Loreen
Mr D Mellalieu (Chair of governors) (Resigned 31 December 2015)
Mr J Moss (Executive Principal) (Resigned 22 September 2015)
Mr O Muuse (Parent governor)
Mr N Najib (Parent governor)
Mrs F Pether (Staff governor)
Mrs M Sadiq (Parent governor)
Mr M Sharp (Staff governor)
Mrs S Sheikh
Mr C Swallow (Appointed 22 September 2015)

Members

Mr D Mellalieu (Resigned - 31 December 2015)
Mr J Moss (Resigned - 30 September 2015)
Mrs M Sadiq
Mr B Lewis (Resigned - 30 September 2015)
Mrs S Hussain (Appointed - 23 September 2015)
Mr N Najib (Appointed 30 September 2015)
Mr C Haddock (Appointed 30 September 2015)

Senior management team

| | |
|--------------------------|--|
| - Principal | Mrs S Hussain |
| - Executive Principal | Mr J Moss (Made redundant August 2016) |
| - Deputy Head Teacher | Mrs H Crowther |
| - Deputy Head Teacher | Mrs F Pether |
| - Assistant Head Teacher | Miss H Vickerstaffe |
| - Assistant Head Teacher | Mr M Sharp |

Company registration number

07733196 (England and Wales)

Registered office

Mount Pleasant Avenue
Halifax
HX1 5TN

Independent auditor

Simpson Wood Limited
Bank Chambers
Market Street
Huddersfield
HD1 2EW

Bankers

Yorkshire Bank
7 Waterhouse Street
Halifax
HX1 1XZ

BEECH HILL SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Lloyds Bank plc
Commercial Street
Halifax
HX1 1BB

Solicitors

Ramsdens Solicitors LLP
Ramsdens
Oakley House
1 Hungerford Road, Edgerton
Huddersfield
HD3 3AL

BEECH HILL SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The governors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 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 academy trust operates an academy for pupils aged 2 to 11 serving a catchment area in Central Halifax. It has a pupil capacity of 630 and had a roll of 622 in the school census on 31 August 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 governors are the trustees of Beech Hill School and are also the directors of the charitable company for the purposes of company law. Details of the governors 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.

Governors' indemnities

In accordance with normal commercial practice the school has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance provides cover up to £5,000,000 for Executive Liability, £5,000,000 for Employment Practices Liability and £5,000,000 for Organisation Liability.

Method of recruitment and appointment or election of governors

The school may appoint up to 12 governors and the members may appoint staff governors who should not exceed one third of the total of governors. The headteacher is deemed to be an official governor.

Where there is a vacancy for a parent governor the school makes sure that all parents have the potential to apply to become a governor. The school ensures that if there is a vote it is undertaken fairly and managed properly with the results made public to all concerned.

The school can co-opt up to three additional affiliates to the governing body who are not entitled to vote.

All governors terms of office are a maximum of four years unless they retire or resign. This does not apply to the Head Teacher.

Policies and procedures adopted for the induction and training of governors

The school has a governor handbook and they are encouraged to attend training courses as often as they can. The school has a service level agreement with the local authority for a governor training package.

BEECH HILL SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The governors are responsible for setting general policy, approving the School Development Plan, approving the school budget, monitoring the school by the use of budgets and making major decisions about the direction of the school, capital expenditure and senior staff appointments.

The Senior Leadership Team are The Principal, The Executive Principal, two Deputy Head Teachers and two Assistant Head Teachers. These managers control the school at an executive level implementing the policies laid down by the governors and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, through appointment boards. For teaching posts the appointment boards always contain at least one governor.

The Senior Leadership Team are responsible for the day to day operation of the school, in particular organising the teaching staff and curriculum, overseeing the curriculum delivery and coordinating staff and children well-being.

Arrangements for setting pay and remuneration of key management personnel

Pay ranges for the Head Teacher, Deputy Head and Assistant Head Teachers will be determined in accordance with the criteria specified in the 2015/16 STPCD and ensuring fair pay relatives, where the Governing Body believe these to be appropriate.

To move up the main pay range, teachers and Head Teacher will need to show that they have been judged as having a successful performance appraisal. This will include competency in the Teachers' Standards and good progress towards set objectives. The Governing body may exercise its' discretion and award enhanced pay progression for exceptional performance. The Governing Body may also decide not to award pay progression where the performance appraisal is considered unsuccessful. Any concerns raised about performance, must have been shared with the teacher/Head teacher as part of the appraisal cycle and not been sufficiently addressed in order for this determination to be made. However, if the reasons for this are beyond the control of the member of staff, or there have been extenuating circumstances, the governing body has the discretion to award an increment if they wish.

Pay recommendations need to be made by 31 December for Head teachers and by 31 October for other teachers.

Related parties and other connected charities and organisations

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

Rashinda Bi, wife of the Governor Mr N Najib, is employed by the school as a Support Assistant and Mid-day supervisor.

BEECH HILL SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

To provide education for pupils of different abilities between the ages of 2 and 11.

To have committed staff who inspire and motivate individual children to achieve their highest standards.

To broaden pupils' horizons through an exciting and engaging creative curriculum.

To make good progress especially in English and Maths.

To provide a stimulating, challenging and creative learning environment.

To maintain high expectations for our children's performance.

To develop a healthy lifestyle.

To have a well-informed school and community that feels valued, is well served, and plays an integral role in school life.

To be proud of our school and promote an ethos and environment in which children enjoy learning.

To develop enthusiastic, independent and confident learners.

To ensure our pupils are able to make responsible choices which take into consideration the feelings of others.

To develop pupils who feel valued as an individual and as a member of the school community.

To understand the need to treat others as equals regardless of sex, race or religion.

To develop our children's sporting and artistic talent.

To promote children's rights and empower them to become global citizens in line with Unicef's Rights Respecting Award.

Objectives, strategies and activities

At Beech Hill we believe that every child matters. There is driving determination to ensure that pupils and adults in the school reach their full potential. Our ethos is a simple one '**Learning without Limits**'.

To this end we:

- Achieved Ofsted Outstanding in all areas - January 2016
- Reviewed all schools policies.
- Developed and reviewed all statutory school policies.
- Employed 2 new high quality teachers
- Continue to develop our teaching teams throughout the school
- Continue to employ our own School Improvement Partner supporting other schools throughout Calderdale and Thameside.
- Have been supporting a number of schools across Calderdale and closely supported one school that was in a LA category for concern.
- Gained National Support School status with head teacher designated as National Leader of Education and 5 teachers now trained as Specialist Leaders of Education available for school to school support.
- Won the 'Good Morning Britain' Anti bullying competition.

Public benefit

The governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

BEECH HILL SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

Academic:

We had another successful year in terms of achievements:

The expectations at the end of year 2 and year 6 are much higher than have been previously under the old assessment system so it is now much harder to achieve the expected level. Our year 6 results are better than most of the schools in Central Halifax. In Maths and Grammar, Punctuation and Spelling the school has achieved better results than most of Calderdale and in line with or above national averages.

As a school we continue to strive to improve our systems and processes to ensure that our pupils are making rapid progress particularly because of the demands of the new curriculum which has much higher expectations.

Our progress scores in all subjects Reading, Grammar Punctuation and Spelling and Maths are significantly above the national average. This indicates that our pupils make significant progress from their starting point of well below national average at the age of 3.

6 pupils were successful in gaining a place at the local grammar schools.

The school has won the last Maths 24 Competition. We have now won 8 in a row and this was a great achievement as this was the last ever competition so it was great to finish the competition on a high.

Sporting:

We have had another successful year for sporting achievements. Our Girl's cricket team performed magnificently to win the Calderdale final and reached quarter final stage of the Yorkshire finals.

The under 9's mixed cricket team won the Calderdale final and came runners up in the Yorkshire finals.

Achievement are:

- Calderdale Cross Country Grand Final - 10th February 2016 Spring Hall Athletics Track.
- Tri Golf Team (Calderdale Champions) who qualified for the school games for the second year running.
- Mini Red Tennis (Qualifying round) - 27th April 2016. North Bridge Leisure Centre Group winners qualified for Calderdale Grand Final.
- Mini Orange Tennis (Qualifying round) - 17th May. Brooksbank Sports College. Winners. Qualified for Calderdale Grand Final.
- U11's Girls Cricket (Grand Final) 20th May - runners up. Qualified for County Finals.
- Mini Red Tennis - (Calderdale Grand Final) - 25th May (runners up) qualified for Sainsbury's West Yorkshire School Games.
- U11's Boys Cricket (Qualifying round Family of schools) - Winners Qualified for Calderdale Grand Final.
- U11's Boys Cricket (Calderdale Grand Final) 13th June. Winners. Qualified for West Yorkshire Final.
- Mini Orange Tennis (Calderdale Grand Final) 16th June. Winners. Qualified for Sainsbury's West Yorkshire School Games.
- U11's Boys Cricket (West Yorkshire Final) 21st June. Winners. Qualified for Yorkshire County Grand Final.
- Tag Rugby (Calderdale Grand Final) 28th June.

BEECH HILL SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

- U11's Boys Cricket (Yorkshire County Final) - 5th July. Wetherby Cricket Club.
- Tri Golf (Sainsbury's West Yorkshire School Games) - 5th July. Leeds Beckett Park University.
- Mini Orange Tennis (Sainsbury's West Yorkshire School Games) - 5th July. Leeds Beckett Park University.
- Mini Red Tennis (Sainsbury's West Yorkshire School Games) - 5th July. Leeds Beckett Park University.
- U11's Girls Cricket (Yorkshire County Final) - 6th July. Wetherby Cricket Club.

Curriculum:

The creative curriculum was further enhanced through establishing a framework for monitoring the foundation subjects as well as ensuring that the basic skills and school drivers were planned for. The school has been the first in Calderdale to achieve the Rights Respecting Schools Level 2 Award celebrating the school's commitment to the UN Conventions and rights of the child. The curriculum was further enriched through specialist teaching in music, art and sport. We continue to provide extended schools provision through its breakfast club and after school clubs. Holiday activities were organised targeting the talented sports pupils and pupils in Reception who needed extra transition into Year 1.

Total pupils on roll in the period ended 31st August 2016 was: 622; this is split between the year groups as follows:

| | |
|------------|-----|
| Nursery: | 101 |
| Reception: | 75 |
| Year 1: | 73 |
| Year 2: | 83 |
| Year 3: | 86 |
| Year 4: | 58 |
| Year 5: | 88 |
| Year 6: | 58 |

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The main other income elements are a rapidly expanding catering service, school improvement partner service and a link with Leeds Carnegie regarding the Academy being used as a learning centre. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2016, the total expenditure (excluding fixed asset funds) of £3,282,743 was covered by the recurrent grant funding and associated income streams. The excess of income over expenditure for the period (excluding restricted fixed asset funds and pension deficit) was £775,865.

BEECH HILL SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

The governors review reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, this to match income with commitment and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £293,502 all of which are free reserves.

The Governors require a reserve to be created to fund future expenditure relating to the Academy Development Plan's strategic long term aim and developments. The school's priority has changed since last year as there is a need to build an extension for five new class rooms plus to redevelop the entrance area, as a result the new hall may be pushed back a couple of years as the expansion is a priority over the next twelve months, all this expenditure will be funded mainly by the GAG carried forward and using future GAG income.

Investment policy and powers

The academy has an investment policy that is reviewed annually, this gives the head the authority to invest in appropriate investments should the need arise. Due to various capital projects the school currently has no investments.

Principal risks and uncertainties

The Governors have assessed the major risks to which the school is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the school, and its finances, all of which are outlined on the Risk Register. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems including operational procedures (eg vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The school has a very effective system of internal financial controls and this is explained in more detail in the statement of internal control.

The main risk to the Academy is that the school is funded according to pupils on roll, so a drop in students could affect the financial stability of the school. Other than this there is no other potential risk that could affect the financial stability of the school.

Financial and risk management objectives and policies

Beech Hill School's income is obtained from the EFA in line with the funding agreement of the Academy. As such, the Academy's exposure to financial risks is limited to cash flow and liquidity risks.

Beech Hill School has a pension deficit of £1,854,000 relating to the LGPS defined benefit scheme.

BEECH HILL SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Plans for future periods

Future Priorities 2016-17

Priority 1: To continue to raise the achievement of all pupils.

Priority 2: To maintain a high standard of teaching across all subjects.

Priority 3: To continue to promote responsibility and respect through the teaching of values and manners.

Priority 4: To continue implement the New Curriculum and ensure it reflects our values and ethos.

Priority 5: To continue to drive the school forward through effective Leadership and Management.

Monitoring, evaluation, reflection and guidance as a Leadership team priority for:-

- Academy policies and practices
- Academy visioning, values, pledges and home/academy agreement
- Health and safety
- Financial practices
- Curriculum impact

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors 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.

A resolution proposing that Simpson Wood Limited be reappointed as auditor of the charitable company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 06 December 2016 and signed on its behalf by:

Mr C Haddock
Chair of Governors

BEECH HILL SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

| Governors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Mr C Haddock (Chair of Governors) | 4 | 4 |
| Mr N Hussain (Resigned 22 September 2015) | 0 | 1 |
| Mrs R Hussain (Resigned 22 September 2015) | 0 | 1 |
| Mrs S Hussain (Principal) | 4 | 4 |
| Mrs S Loreen | 4 | 4 |
| Mr D Mellalieu (Chair of governors) (Resigned 31 December 2015) | 0 | 2 |
| Mr J Moss (Executive Principal) (Resigned 22 September 2015) | 0 | 1 |
| Mr O Muuse (Parent governor) | 1 | 4 |
| Mr N Najib (Parent governor) | 4 | 4 |
| Mrs F Pether (Staff governor) | 2 | 4 |
| Mrs M Sadiq (Parent governor) | 1 | 4 |
| Mr M Sharp (Staff governor) | 3 | 4 |
| Mrs S Sheikh | 4 | 4 |
| Mr C Swallow (Appointed 22 September 2015) | 4 | 4 |

The school has had some changes of trustees during the year due to two retirements of trustees; these have been replaced by new trustees with a legal and financial background and as a result are contributing more on a strategic level to support the Academy Trust.

A review of the Governors was carried out as a result of the OFSTED visit in January 2016. As a result of the visit the report stated that governors are regular visitors to the academy and understand its effectiveness. However, they do not rigorously hold leaders to account. It was recommended that the governors develop their skills to effectively challenge academy leaders and hold them to account.

The OFSTED report added that the governors have linked their responsibilities to areas of the academy's work. This gives them a good understanding of the academy's performance and they understand how the academy compares with others.

Governors are extremely well informed by the head teacher on all aspects of the academy's work, including the impact of pupil premium funding and school sports funding.

Review of value for money

As accounting officer the principal 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.

BEECH HILL SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

- An annual review of all contracts, these are checked for price and relevance, as a result three contracts were dropped and better prices found on two others
- The school has a large catering operation. During the last twelve months the school has negotiated substantial discounts from suppliers, the school also uses preference for price and quality
- The school always gets at least three quotes for any item over £10,000
- The school reviews all expenditure with suppliers over £10,000 per annum at the school and looks for better prices or a better service.

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 Beech Hill School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors 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 governors is of the view that there is a formal ongoing 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 accounts. This process is regularly reviewed by the board of governors.

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 governors;
- regular reviews by the audit and finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed Simpson Wood, the external auditor, to perform additional checks. No significant internal control weaknesses were identified during the year.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor reports to the board of governors on the operation of the systems of control and on the discharge of the financial responsibilities of the board of governors.

BEECH HILL SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Review of effectiveness

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

- the work of the external auditor;
- 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 general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 06 December 2016 and signed on its behalf by:

Mr C Haddock
Chair of Governors

Mrs S Hussain
Principal

BEECH HILL SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Beech Hill School I have considered my responsibility to notify the academy trust board of governors 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 governors 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 governors and EFA.

Mrs S Hussain
Accounting Officer

06 December 2016

BEECH HILL SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The governors (who act as trustees for Beech Hill School and are also the directors of Beech Hill School for the purposes of company law) are responsible for preparing the Governors' 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 governors to prepare accounts for each financial year. Under company law the governors 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 governors 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 governors 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 governors 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 governors 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 governors on 06 December 2016 and signed on its behalf by:

Mr C Haddock
Chair of Governors

BEECH HILL SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BEECH HILL SCHOOL

We have audited the accounts of Beech Hill School for the year ended 31 August 2016 set out on pages 19 to 39. 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 governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 14, the governors, who are also the directors of Beech Hill School 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 governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' 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 Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

BEECH HILL SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BEECH HILL SCHOOL (CONTINUED)

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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Daniel McAllister FCA (Senior Statutory Auditor)
for and on behalf of Simpson Wood Limited

Chartered Accountants

Statutory Auditor

Bank Chambers
Market Street
Huddersfield
HD1 2EW

Dated:

BEECH HILL SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BEECH HILL SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20 October 2014 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 Beech Hill School 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 Beech Hill School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Beech Hill School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Beech Hill School and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Beech Hill School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Beech Hill School's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the 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.

The work undertaken to draw to our conclusion includes:

- Consideration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance which may include review and corroboration of the most recent Financial Management and Governance Evaluation or equivalent.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity.
- Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
- When performing sample testing of expenditure, consider whether the activity is permissible within the Academy Trust's framework of authorities.

BEECH HILL SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BEECH HILL SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the 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.

Daniel McAllister FCA
Reporting Accountant
Simpson Wood Limited
Bank Chambers
Market Street
Huddersfield
HD1 2EW

Dated:

BEECH HILL SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

| | Notes | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total 2016 £ | Total 2015 £ |
|---|----------|----------------------------|-----------------------------------|------------------|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 5,127 | - | 213,647 | 218,774 | 52,563 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 3 | - | 3,280,436 | - | 3,280,436 | 3,295,598 |
| Other trading activities | 4 | 771,773 | - | - | 771,773 | 766,881 |
| Investments | 5 | 1,272 | - | - | 1,272 | 487 |
| Total income and endowments | | <u>778,172</u> | <u>3,280,436</u> | <u>213,647</u> | <u>4,272,255</u> | <u>4,115,529</u> |
| Expenditure on: | | | | | | |
| Raising funds | 6 | 643,114 | - | - | 643,114 | 602,867 |
| Charitable activities: | | | | | | |
| - Educational operations | 7 | 46,904 | 2,592,725 | 154,731 | 2,794,360 | 2,650,635 |
| Total expenditure | 6 | <u>690,018</u> | <u>2,592,725</u> | <u>154,731</u> | <u>3,437,474</u> | <u>3,253,502</u> |
| Net income/(expenditure) | | 88,154 | 687,711 | 58,916 | 834,781 | 862,027 |
| Transfers between funds | | - | (240,335) | 240,335 | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 20 | - | (1,116,000) | - | (1,116,000) | (27,000) |
| Net movement in funds | | 88,154 | (668,624) | 299,251 | (281,219) | 835,027 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 205,348 | (62,930) | 5,776,715 | 5,919,133 | 5,084,106 |
| Total funds carried forward | | <u>293,502</u> | <u>(731,554)</u> | <u>6,075,966</u> | <u>5,637,914</u> | <u>5,919,133</u> |

BEECH HILL SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

| Comparative year information Year ended 31 August 2015 | Notes | Unrestricted | Restricted funds: | | Total |
|---|----------|----------------|-------------------|------------------|------------------|
| | | Funds | General | Fixed asset | 2015 |
| | | £ | £ | £ | £ |
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 6,273 | - | 46,290 | 52,563 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 3 | - | 3,295,598 | - | 3,295,598 |
| Other trading activities | 4 | 766,881 | - | - | 766,881 |
| Investments | 5 | 487 | - | - | 487 |
| Total income and endowments | | <u>773,641</u> | <u>3,295,598</u> | <u>46,290</u> | <u>4,115,529</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | 602,867 | - | - | 602,867 |
| Charitable activities: | | | | | |
| - Educational operations | 7 | 9,651 | 2,485,584 | 155,400 | 2,650,635 |
| Total expenditure | 6 | <u>612,518</u> | <u>2,485,584</u> | <u>155,400</u> | <u>3,253,502</u> |
| Net income/(expenditure) | | 161,123 | 810,014 | (109,110) | 862,027 |
| Transfers between funds | | - | (167,972) | 167,972 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 20 | - | (27,000) | - | (27,000) |
| Net movement in funds | | <u>161,123</u> | <u>615,042</u> | <u>58,862</u> | <u>835,027</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 44,225 | (677,972) | 5,717,853 | 5,084,106 |
| Total funds carried forward | | <u>205,348</u> | <u>(62,930)</u> | <u>5,776,715</u> | <u>5,919,133</u> |

BEECH HILL SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2016

| | | 2016 | | 2015 | |
|---|-------|------------------|------------------|------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 6,026,014 | | 5,776,715 |
| Current assets | | | | | |
| Stocks | 13 | 484 | | 9,332 | |
| Debtors | 14 | 157,665 | | 139,990 | |
| Cash at bank and in hand | | 1,763,960 | | 987,621 | |
| | | <u>1,922,109</u> | | <u>1,136,943</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 15 | (343,336) | | (208,843) | |
| Net current assets | | | 1,578,773 | | 928,100 |
| Total assets less current liabilities | | | <u>7,604,787</u> | | <u>6,704,815</u> |
| Creditors: amounts falling due after more than one year | 16 | | (112,873) | | (135,682) |
| Net assets excluding pension liability | | | <u>7,491,914</u> | | <u>6,569,133</u> |
| Defined benefit pension liability | 20 | | (1,854,000) | | (650,000) |
| Net assets | | | <u>5,637,914</u> | | <u>5,919,133</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | 18 | | | | |
| - Fixed asset funds | | | 6,075,966 | | 5,776,715 |
| - Restricted income funds | | | 1,122,446 | | 587,070 |
| - Pension reserve | | | (1,854,000) | | (650,000) |
| Total restricted funds | | | <u>5,344,412</u> | | <u>5,713,785</u> |
| Unrestricted income funds | 18 | | 293,502 | | 205,348 |
| Total funds | | | <u>5,637,914</u> | | <u>5,919,133</u> |

The accounts set out on pages 19 to 39 were approved by the board of governors and authorised for issue on 06 December 2016 and are signed on its behalf by:

Mr C Haddock
Chair of Governors

Company Number 07733196

BEECH HILL SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|--|-------|-----------|------------------|-----------|----------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by operating activities | 21 | | 993,718 | | 945,159 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 1,272 | | 487 | |
| Capital grants from DfE and EFA | | 213,647 | | 10,390 | |
| Capital funding from sponsors and others | | - | | 35,900 | |
| Payments to acquire tangible fixed assets | | (404,030) | | (214,260) | |
| | | | (189,111) | | (167,483) |
| Cash flows from financing activities | | | | | |
| Repayment of long term bank loan | | (29,135) | | (29,135) | |
| Repayment of other loan | | 8,175 | | - | |
| Financing costs | | (7,308) | | (8,590) | |
| | | | (28,268) | | (37,725) |
| Change in cash and cash equivalents in the reporting period | | | 776,339 | | 739,951 |
| Cash and cash equivalents at 1 September 2015 | | | 987,621 | | 247,670 |
| Cash and cash equivalents at 31 August 2016 | | | <u>1,763,960</u> | | <u>987,621</u> |

BEECH HILL SCHOOL

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.

Beech Hill School 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 Beech Hill School 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. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The governors 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 governors 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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.

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.

Where applicable, 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.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors' meetings and reimbursed expenses.

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

| | |
|--------------------------------|-------------------|
| Land and buildings | 2% straight line |
| Computer equipment | 20% straight line |
| Fixtures, fittings & equipment | 15% straight line |
| Motor vehicles | 25% straight line |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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 against income on a straight line basis over the period of the lease.

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.9 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.

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.10 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.

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

1.11 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 governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

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.

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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 19, 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.

Critical areas of judgement

No critical areas of judgement have been identified which would have a significant impact on the valuation of assets and liabilities within the accounts.

2 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 213,647 | 213,647 | 10,390 |
| Other donations | 5,127 | - | 5,127 | 42,173 |
| | <u>5,127</u> | <u>213,647</u> | <u>218,774</u> | <u>52,563</u> |

3 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA grants | | | | |
| General annual grant (GAG) | - | 2,652,196 | 2,652,196 | 2,747,204 |
| Other DfE / EFA grants | - | 406,773 | 406,773 | 378,498 |
| | <u>-</u> | <u>3,058,969</u> | <u>3,058,969</u> | <u>3,125,702</u> |
| Other government grants | | | | |
| Local authority grants | - | 221,467 | 221,467 | 169,896 |
| | <u>-</u> | <u>221,467</u> | <u>221,467</u> | <u>169,896</u> |
| Total funding | <u>-</u> | <u>3,280,436</u> | <u>3,280,436</u> | <u>3,295,598</u> |

Where applicable, resources expended are inclusive of irrecoverable VAT.

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|----------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 1,405 | - | 1,405 | 1,871 |
| Catering income | 626,166 | - | 626,166 | 602,639 |
| Consultancy services | 82,213 | - | 82,213 | 83,302 |
| Educational visits | 15,830 | - | 15,830 | 9,651 |
| Student fee income | 19,491 | - | 19,491 | 45,446 |
| Other income | 26,668 | - | 26,668 | 23,972 |
| | <u>771,773</u> | <u>-</u> | <u>771,773</u> | <u>766,881</u> |

5 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 1,272 | - | 1,272 | 487 |
| | <u>1,272</u> | <u>-</u> | <u>1,272</u> | <u>487</u> |

6 Expenditure

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2016 £ | Total 2015 £ |
|---|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 1,771,767 | 154,731 | 124,665 | 2,051,163 | 1,856,846 |
| - Allocated support costs | 397,124 | 37,851 | 308,222 | 743,197 | 793,789 |
| | <u>2,168,891</u> | <u>192,582</u> | <u>432,887</u> | <u>2,794,360</u> | <u>2,650,635</u> |
| Other expenditure | | | | | |
| Raising funds | 318,441 | - | 324,673 | 643,114 | 602,867 |
| | <u>318,441</u> | <u>-</u> | <u>324,673</u> | <u>643,114</u> | <u>602,867</u> |
| Total expenditure | <u>2,487,332</u> | <u>192,582</u> | <u>757,560</u> | <u>3,437,474</u> | <u>3,253,502</u> |

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Net income/(expenditure) for the year includes: | | |
| Fees payable to auditor for: | | |
| - Audit | 4,559 | 4,364 |
| - Other services | 1,150 | 1,300 |
| Operating lease rentals | 19,975 | 16,980 |
| Depreciation of tangible fixed assets | 154,731 | 155,400 |
| | <u>179,415</u> | <u>178,044</u> |

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

(Continued)

Included within expenditure are the following transactions:

| | | 2016 £ |
|---------------------|-----------|-----------|
| Ex-gratia payments | | |
| - Individual items: | Mr J Moss | 26,811 |

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education Funding Agency.

7 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Teaching and educational support staff costs | 11,603 | 1,748,748 | 1,760,351 | 1,554,865 |
| Depreciation | - | 154,731 | 154,731 | 155,400 |
| Educational supplies and services | - | 105,245 | 105,245 | 112,683 |
| Staff development | - | 11,416 | 11,416 | 12,827 |
| Educational consultancy | - | 293 | 293 | 2,258 |
| Other direct costs | 15,127 | 4,000 | 19,127 | 18,813 |
| | <u>26,730</u> | <u>2,024,433</u> | <u>2,051,163</u> | <u>1,856,846</u> |
| Allocated support costs | | | | |
| Support staff costs | 20,174 | 376,950 | 397,124 | 394,267 |
| Technology costs | - | 38,265 | 38,265 | 34,008 |
| Recruitment and support | - | 1,525 | 1,525 | 1,501 |
| Maintenance of premises and equipment | - | 37,851 | 37,851 | 61,793 |
| Cleaning | - | 5,069 | 5,069 | 5,259 |
| Energy costs | - | 55,104 | 55,104 | 62,733 |
| Rent and rates | - | 22,561 | 22,561 | 24,067 |
| Telephone | - | 10,048 | 10,048 | 14,724 |
| Insurance | - | 39,304 | 39,304 | 44,934 |
| Security and transport | - | 20,422 | 20,422 | 20,785 |
| Printing, postage and stationery | - | 26,079 | 26,079 | 34,639 |
| Catering | - | 23,320 | 23,320 | 80,633 |
| Interest and finance costs | - | 30,308 | 30,308 | (16,410) |
| Legal and professional fees | - | 3,700 | 3,700 | 2,378 |
| Other support costs | - | 25,062 | 25,062 | 20,601 |
| | <u>20,174</u> | <u>715,568</u> | <u>735,742</u> | <u>785,912</u> |
| Total costs | <u>46,904</u> | <u>2,740,001</u> | <u>2,786,905</u> | <u>2,642,758</u> |

BEECH HILL SCHOOL

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

8 Governance costs

| All from restricted funds: | Total 2016 £ | Total 2015 £ |
|--|--------------------|--------------------|
| Amounts included in support costs | | |
| Legal and professional fees | 1,821 | 2,213 |
| Auditor's remuneration | | |
| - Audit of financial statements | 4,559 | 4,364 |
| - Other audit costs | 1,075 | 1,300 |
| | <u>7,455</u> | <u>7,877</u> |

9 Staff costs

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Wages and salaries | 2,018,380 | 1,887,103 |
| Social security costs | 132,336 | 106,743 |
| Other pension costs | 325,200 | 276,163 |
| | <u>2,475,916</u> | <u>2,270,009</u> |
| Staff development and other staff costs | 11,416 | 12,827 |
| | <u>2,487,332</u> | <u>2,282,836</u> |

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

| | 2016 Number | 2015 Number |
|----------------------------|----------------|----------------|
| Teachers | 20 | 19 |
| Administration and support | 98 | 99 |
| Management | 6 | 6 |
| | <u>124</u> | <u>124</u> |

The number of employees whose annual remuneration was £60,000 or more was:

| | 2016 Number | 2015 Number |
|-------------------|----------------|----------------|
| £60,001 - £70,000 | <u>1</u> | <u>1</u> |

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs

(Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

| | | 2016 | 2015 |
|---------------------------------|---------|-------|-------|
| Teachers' Pension Scheme | Numbers | 1 | 1 |
| | £ | 9,646 | 9,646 |
| Local Government Pension Scheme | Numbers | - | - |
| | £ | - | - |

10 Governors' remuneration and expenses

The headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. During the year, travel and subsistence payments totalling £Nil (2015: £Nil) were reimbursed to governors.

The value of governors' remuneration was as follows:

Mr J Moss (Executive Principal)

| | |
|--------------|---|
| Remuneration | £35,000 - £40,000 (2015: £35,000 - £40,000) |
| Pension | £Nil - £5,000 (2015: £Nil - £5,000) |

Mr J Moss was made redundant as of the 31st August 2016. He received an ex-gratia payment of £26,811.

Mrs S A Hussain (Principal)

| | |
|--------------|---|
| Remuneration | £70,000 - £75,000 (2015: £65,000 - £70,000) |
| Pension | £10,000 - £15,000 (2015: £5,000 - £10,000) |

Mrs F Pether (staff)

| | |
|--------------|---|
| Remuneration | £50,000 - £55,000 (2015: £45,000 - £50,000) |
| Pension | £5,000 - £10,000 (2015: £5,000 - £10,000) |

Mr M Sharp (staff)

| | |
|--------------|---|
| Remuneration | £40,000 - £45,000 (2015: £40,000 - £45,000) |
| Pension | £5,000 - £10,000 (2015: £5,000 - £10,000) |

Mr M Sadiq (staff)

| | |
|--------------|---|
| Remuneration | £5,000 - £10,000 (2015: £5,000-£10,000) |
| Pension | £Nil (2015: £Nil) |

Other related party transactions involving the governors are set out within the related parties note.

11 Governors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £3,263 (2015: £3,263).

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

| | Land and buildings | Computer equipment | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|-----------------------|-----------------------|--------------------------------------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 September 2015 | 6,082,995 | 115,490 | 56,790 | 42,712 | 6,297,987 |
| Additions | 377,066 | 16,200 | 10,764 | - | 404,030 |
| At 31 August 2016 | 6,460,061 | 131,690 | 67,554 | 42,712 | 6,702,017 |
| Depreciation | | | | | |
| At 1 September 2015 | 404,618 | 46,578 | 29,551 | 40,525 | 521,272 |
| Charge for the year | 122,049 | 20,800 | 10,133 | 1,749 | 154,731 |
| At 31 August 2016 | 526,667 | 67,378 | 39,684 | 42,274 | 676,003 |
| Net book value | | | | | |
| At 31 August 2016 | 5,933,394 | 64,312 | 27,870 | 438 | 6,026,014 |
| At 31 August 2015 | 5,678,377 | 68,912 | 27,239 | 2,187 | 5,776,715 |

Land and Buildings additions includes £116,076 of assets under construction in relation to the proposed Sports Hall Building and the 3G Pitch. These projects were not completed at the year end and so no depreciation has been charged against these items.

13 Stocks

| | 2016 £ | 2015 £ |
|----------------|-----------|-----------|
| Catering stock | 484 | 9,332 |

14 Debtors

| | 2016 £ | 2015 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 65,212 | 58,607 |
| VAT recoverable | 15,847 | 12,274 |
| Other debtors | 651 | 44,686 |
| Prepayments and accrued income | 75,955 | 24,423 |
| | 157,665 | 139,990 |

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

| 15 Creditors: amounts falling due within one year | 2016 £ | 2015 £ |
|--|-----------------------|-----------------------|
| Government loans | 31,755 | 30,417 |
| Other loans | 511 | - |
| Trade creditors | 102,441 | 80,368 |
| Other creditors | 127,663 | 285 |
| Accruals and deferred income | 80,966 | 97,773 |
| | <u>343,336</u> | <u>208,843</u> |
| | <u><u>343,336</u></u> | <u><u>208,843</u></u> |
| 16 Creditors: amounts falling due after more than one year | 2016 £ | 2015 £ |
| Government loans | 105,209 | 135,682 |
| Other loans | 7,664 | - |
| | <u>112,873</u> | <u>135,682</u> |
| | <u><u>112,873</u></u> | <u><u>135,682</u></u> |
| Analysis of loans | | |
| Not wholly repayable within five years by instalments | 3,577 | - |
| Wholly repayable within five years | 141,562 | 166,099 |
| | <u>145,139</u> | <u>166,099</u> |
| Less: included in current liabilities | (32,266) | (30,417) |
| | <u>112,873</u> | <u>135,682</u> |
| | <u><u>112,873</u></u> | <u><u>135,682</u></u> |
| Instalments not due within five years | 3,577 | - |
| | <u><u>3,577</u></u> | <u><u>-</u></u> |
| Loan maturity | | |
| Debt due in one year or less | 32,266 | 30,417 |
| Due in more than one year but not more than two years | 35,196 | 31,755 |
| Due in more than two years but not more than five years | 74,100 | 103,927 |
| Due in more than five years | 3,577 | - |
| | <u>145,139</u> | <u>166,099</u> |
| | <u><u>145,139</u></u> | <u><u>166,099</u></u> |

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

| | | |
|--|-------------------|-------------------|
| 17 Deferred income | 2016 | 2015 |
| | £ | £ |
| Deferred income is included within: | | |
| Creditors due within one year | 41,424 | 87,772 |
| | <u> </u> | <u> </u> |
| Deferred income at 1 September 2015 | 87,772 | 37,924 |
| Released from previous years | (87,772) | (37,924) |
| Amounts deferred in the year | 41,424 | 87,772 |
| | <u> </u> | <u> </u> |
| Deferred income at 31 August 2016 | 41,424 | 87,772 |
| | <u> </u> | <u> </u> |

Deferred income relates to Universal Infants Free School Meal (UIFSM) funding and Early Years funding. All amounts were received in advance of the 2016/17 academic year in which they relate to from the Education Funding Agency.

18 Funds

| | Balance at 1 September 2015 | Incoming resources | Resources expended | Gains, losses & transfers | Balance at 31 August 2016 |
|-------------------------------------|-----------------------------------|-----------------------|-----------------------|------------------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| Restricted general funds | | | | | |
| General Annual Grant | 587,070 | 2,652,196 | (1,876,485) | (240,335) | 1,122,446 |
| Other DfE / EFA grants | - | 406,773 | (406,773) | - | - |
| Other government grants | - | 221,467 | (221,467) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Funds excluding pensions | 587,070 | 3,280,436 | (2,504,725) | (240,335) | 1,122,446 |
| Pension reserve | (650,000) | - | (88,000) | (1,116,000) | (1,854,000) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | (62,930) | 3,280,436 | (2,592,725) | (1,356,335) | (731,554) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Restricted fixed asset funds | | | | | |
| DfE / EFA capital grants | - | 213,647 | (154,731) | - | 58,916 |
| Inherited funds | 5,776,715 | - | - | - | 5,776,715 |
| Capital expenditure from GAG | - | - | - | 240,335 | 240,335 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 5,776,715 | 213,647 | (154,731) | 240,335 | 6,075,966 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total restricted funds | 5,713,785 | 3,494,083 | (2,747,456) | (1,116,000) | 5,344,412 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Unrestricted funds | | | | | |
| General funds | 205,348 | 778,172 | (690,018) | - | 293,502 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total funds | 5,919,133 | 4,272,255 | (3,437,474) | (1,116,000) | 5,637,914 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Funds

(Continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy. 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 2015.

Restricted fixed assets were funded by government grants and transfer from predecessor school.

The Governors require a revenue reserve to be created to fund future expenditure relating to the Academy Development Plan's strategic long term aims and developments. The school is currently going to allocate up to £1,000,000 of its reserves over the next twelve months to expand in a new block offering five more classrooms. The school is still hoping long term for a new hall and sports centre complex which will cost £2.3 million, it is hoped to be funded part by GAG but also with some grant funding and future GAG income, this may not happen though for a couple of years at least.

19 Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total 2016 £ |
|--|----------------------------|-----------------------------------|------------------|--------------------|
| Fund balances at 31 August 2016 are represented by: | | | | |
| Tangible fixed assets | - | - | 6,026,014 | 6,026,014 |
| Current assets | 293,502 | 1,445,250 | 183,357 | 1,922,109 |
| Creditors falling due within one year | - | (217,595) | (125,741) | (343,336) |
| Creditors falling due after one year | - | (105,209) | (7,664) | (112,873) |
| Defined benefit pension liability | - | (1,854,000) | - | (1,854,000) |
| | <u>293,502</u> | <u>(731,554)</u> | <u>6,075,966</u> | <u>5,637,914</u> |

20 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 West Yorkshire Pension Fund. 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.

BEECH HILL SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations

(Continued)

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 pension costs paid to the TPS in the period amounted to £137,813 (2015: £109,267).

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

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 % for employers and % for employees. The estimated value of employer contributions for the forthcoming year is £113,000.

As the scheme is currently in deficit, the academy is required to pay additional contributions above the normal funding levels. The length of the agreement is likely to last 2 - 3 years but is currently uncertain. The additional contributions paid in the year amounted to £4,700 (2015 - £5,800).

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.

BEECH HILL SCHOOL

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

20 Pensions and similar obligations

(Continued)

| Total contributions made | 2016 £ | 2015 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 110,000 | 109,000 |
| Employees' contributions | 47,000 | 46,000 |
| Total contributions | 157,000 | 155,000 |

| Principal actuarial assumptions | 2016 % | 2015 % |
|--|-----------|-----------|
| Rate of increases in salaries | 3.4 | 3.6 |
| Rate of increase for pensions in payment | 1.9 | 2.1 |
| Discount rate | 2.0 | 3.8 |
| Inflation assumption (CPI) | 1.9 | 2.1 |
| Rate of increase to deferred pensions | 1.9 | 2.1 |
| Rate of revaluation of pension accounts | 1.9 | 2.1 |

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 | 22.7 | 22.6 |
| - Females | 25.6 | 25.5 |
| Retiring in 20 years | | |
| - Males | 24.9 | 24.8 |
| - Females | 28.0 | 27.8 |

The academy trust's share of the assets in the scheme

| | 2016 Fair value £ | 2015 Fair value £ |
|--|-------------------------|-------------------------|
| Equities | 1,797,894 | 1,429,197 |
| Government bonds | 268,128 | 195,832 |
| Corporate bonds | 100,548 | 86,618 |
| Cash | 33,516 | 28,245 |
| Property | 114,912 | 84,735 |
| Other assets | 79,002 | 58,373 |
| Total market value of assets | 2,394,000 | 1,883,000 |
| Actual return on scheme assets - gain/(loss) | 368,000 | (24,000) |

BEECH HILL SCHOOL

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

| 20 Pensions and similar obligations | (Continued) | |
|--|--------------------|-------------------|
| Amounts recognised in the statement of financial activities | 2016 | 2015 |
| | £ | £ |
| Current service cost (net of employee contributions) | 175,000 | 172,000 |
| Net interest cost | 23,000 | (25,000) |
| | <u> </u> | <u> </u> |
| Changes in the present value of defined benefit obligations | | 2016 |
| | | £ |
| Obligations at 1 September 2015 | | 2,533,000 |
| Current service cost | | 175,000 |
| Interest cost | | 97,000 |
| Employee contributions | | 47,000 |
| Actuarial loss | | 1,410,000 |
| Benefits paid | | (14,000) |
| | | <u> </u> |
| At 31 August 2016 | | <u>4,248,000</u> |
| Changes in the fair value of the academy trust's share of scheme assets | | 2016 |
| | | £ |
| Assets at 1 September 2015 | | 1,883,000 |
| Interest income | | 74,000 |
| Return on plan assets (excluding amounts included in net interest): | | |
| Actuarial gain | | 294,000 |
| Employer contributions | | 110,000 |
| Employee contributions | | 47,000 |
| Benefits paid | | (14,000) |
| | | <u> </u> |
| At 31 August 2016 | | <u>2,394,000</u> |

BEECH HILL SCHOOL

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

21 Reconciliation of net income to net cash flows from operating activities

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Net income for the reporting period | 834,781 | 862,027 |
| Adjusted for: | | |
| Capital grants from DfE/EFA and other capital income | (213,647) | (46,290) |
| Investment income | (1,272) | (487) |
| Financing costs | 7,308 | 8,590 |
| Defined benefit pension costs less contributions payable | 65,000 | 63,000 |
| Defined benefit pension net finance cost/(income) | 23,000 | (25,000) |
| Depreciation of tangible fixed assets | 154,731 | 155,400 |
| (Increase)/decrease in stocks | 8,848 | (7,542) |
| (Increase)/decrease in debtors | (17,675) | 42,953 |
| Increase/(decrease) in creditors | 132,644 | (107,492) |
| Net cash provided by operating activities | <u>993,718</u> | <u>945,159</u> |

22 Commitments under operating leases

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

| | 2016 £ | 2015 £ |
|-----------------------------------|---------------|---------------|
| Amounts due within one year | 15,977 | 19,974 |
| Amounts due in two and five years | 30,948 | 46,926 |
| | <u>46,925</u> | <u>66,900</u> |

23 Related party transactions

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

Rashinda Bi, wife of the Governor Mr N Najib, is employed by the school as a Support Assistant and Mid-day supervisor.

24 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.