

Registration number: 09286883

# Bridgewater High School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



## HALLIDAYS

MORE THAN JUST ACCOUNTANTS

Hallidays  
Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

# **Bridgewater High School**

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## **Bridgewater High School**

### **Reference and Administrative Details**

#### **Members**

Mr G Bratley  
Mr S Broomhead  
Mr J Hampton  
Mr S Whatmore

#### **Trustees**

Mr S Whatmore (Chair)  
Mrs A Gittins (Vice-Chair)  
Mr J Betts  
Mr G Bratley  
Mr I Deas  
Dr R Hayward  
Mrs A Howard (appointed 30 March 2016)  
Mr M Hughes  
Mr T Long (Principal and Accounting Officer)  
Mrs S Longworth (resigned 30 March 2016)  
Mr M Malam (Staff Trustee)  
Mrs A Pailing (appointed 30 March 2016)  
Mr M Palmer (appointed 30 March 2016)  
Miss M Plimmer (Staff Trustee)  
Mrs M Scattergood  
Mr G Stuart  
Mr J Hampton (resigned 31 December 2015)  
Mrs J Wells (appointed 30 March 2016)  
Mr I Wilson (appointed 11 September 2015)

#### **Company Secretary**

Mrs A Laing

## **Bridgewater High School**

### **Reference and Administrative Details (continued)**

<b>Senior Management Team</b>	Mr T Long, Principal and Accounting Officer Mrs T Hatton, Headteacher (Lower School) Mr K Powell, Headteacher (Upper School) Mrs B Neacy, Deputy Headteacher (retired 31 August 2016) Mr R Parker, Deputy Headteacher (retired 31 August 2016) Mr P Jones, Deputy Headteacher Miss C Beswick, Assistant Headteacher Mr T Eden, Assistant Headteacher Mr T Lambrianides, Assistant Headteacher Mr B McCahey, Assistant Headteacher Mrs C Unsworth, Assistant Headteacher Mr S Maney, Assistant Headteacher (resigned 31 January 2016) Mr M Malam, Lead Practitioner Mr A McMahon, Lead Practitioner (appointed 1 September 2016) Mrs A Laing, Strategic Director of Finance and Resources
<b>Principal and Registered Office</b>	Broomfields Road Appleton Warrington WA4 3AE
<b>Company Registration Number</b>	09286883
<b>Auditors</b>	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD
<b>Bankers</b>	Lloyds Bank Horsemarket St Warrington Cheshire WA4 6HP
<b>Solicitors</b>	Oliver and Co Douglas House 117 Foregate Street Chester CH1 1HE



## **Bridgewater High School**

### **Trustees' Report for the Year Ended 31 August 2016**

The Trustees present their annual report together with the financial statements and auditors' 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 Trust operates an Academy for pupils aged 11-16 with a Sixth Form for pupils aged 16-18 and includes a Designated Provision for pupils on the Autistic Spectrum serving the area of south Warrington. It has a total pupil capacity of 1,662 and had a roll of 1,603 in the school census of 1 October 2016. The Academy has two sites half a mile apart. The Lower School has approximately 900 pupils at KS3 (aged 11-14) and the Upper School has approximately 700 pupils at KS4 and 5 (aged 15 - 18).

#### **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 the Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Bridgewater High School.

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***

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

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

The Trustee body is composed of up to 19 Trustees including 12 appointed by the Members (Member, Community and Co-opted Trustees), 4 parent Trustees, 3 staff Trustees and the Principal.

Community and Co-opted Trustees are appointed by the Members of the Trust. In appointing new community and co-opted Trustees, the Members will take into consideration the skills and experience required by the Academy Trust and seeks to match those requirements when appointing new Trustees.

Parent Trustees are elected by parents of registered pupils at the Academy and staff Trustees are elected by school staff following the election processes laid down in the Governors' Handbook (November 2015 edition).

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

All new Trustees will go through a process of induction with the Chair, the Principal and the Clerk to the Governing Body. Training needs will be identified through the induction process. The Academy Trust has access to online training packages as well as courses run through the National Governors Association.

## **Bridgewater High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Organisational structure***

The Trustees are responsible for setting the strategic aims and direction and policies of the Trust. The Trustees are responsible for monitoring the effectiveness of those policies in achieving the Trust's strategic aims and for monitoring overall school performance. The implementation and management of the strategic aims and policies are delegated to the Principal and the school's senior leadership team.

The senior leadership team consists of the Principal, two Headteachers each responsible for the operation of a site, one Deputy Headteacher, five Assistant Headteachers, two Leading Practitioners, and the Director of Finance and Resources. The leadership team is balanced across the two school sites to provide operational management whilst each retaining responsibility for an aspect of whole school strategy such as safeguarding, teaching and learning, CPD, performance management, assessment, pupil premium, progress, curriculum, pupil voice, stakeholder communication.

The Trustees have established committees to enable them to carry out their role successfully. The committees are Scrutiny and Finance (including Audit up to August 2016), Audit (established September 2016), Curriculum, Human Resources, Safeguarding, Site Management and Students, Community and Stakeholders.

The Scrutiny and Finance committee is responsible for setting and approving the school budget annually and for monitoring the school's finances on a monthly and annual basis. The Principal is the Accounting Officer and the Director of Finance and Resources acts as the Chief Financial Officer for the Trust. The implementation of the budget and expenditure within the approved annual budget is delegated to the Principal. The scheme of delegation lays down approval requirements for purchases within and outside the budgetary limits.

#### ***Arrangements for setting pay and remuneration of key management personnel***

The Governors' Pay Review Committee reviews and approves remuneration annually for all key management personnel. All key management personnel with the exception of the Strategic Director of Finance and Resources are under School Teachers Pay and Conditions and approval of their remuneration falls under the performance management and appraisal processes as laid down in the School Teachers Pay and Conditions Document which is reviewed annually and the Academy's Pay Policy (also reviewed annually). The Strategic Director of Finance and Resources is paid in accordance with local government pay and conditions. The Academy used the local authority's Job Evaluation Scheme to ensure that all support roles including senior roles are evaluated fairly. Performance Management and Annual Appraisal are carried out in accordance with the school's Pay Policy.

## **Bridgewater High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Connected organisations, including related party relationships***

Bridgewater High School is in partnership with LiveWire CIC sharing the facilities at the local Leisure Centre adjacent to the school for curriculum uses. It is also in partnership with the local tennis club, Stockton Heath Tennis Club where outdoor courts previously funded through Lottery funding are shared between the school during curriculum time and the club at evenings and weekends with the aim of promoting healthy lifestyles and activity in the local community.

Bridgewater High School also works in partnership with other local secondary schools and Warrington LA as part of the Warrington Challenge where the partners are committed to working together to benefit young people across Warrington and the wider area, focusing on school improvement. Bridgewater High School is a founder member of the formal organisation Warrington Education Board.

As part of the Trust's commitment to teacher training, the Trust works with Manchester Metropolitan University and Edgehill University to provide teacher training placements and also to develop the expertise of the Trust's teaching expertise through seconding Trust staff to work in training posts.

The school is a designated National Support School (NSS). The Principal is a National Leader of Education and a trained Ofsted inspector. The Chair of the Governing Body is a National Leader of Governance (NLG). Other staff are Specialist Leaders of Education (SLE). Therefore the Trust provides school improvement services to other schools in the North West as a part of these roles.

Finally the Trust has set up the company, Bridgewater High School Trading Limited which focuses on the provision of outdoor education primarily to the Trust's pupils through the delivery of the Duke of Edinburgh Award Scheme. Bridgewater High School was the first school in the North-West to gain the Duke of Edinburgh Operating Licence which enables it to administer the scheme directly for the benefit of its pupils. It has one of the largest uptakes of the scheme in the North West with approximately 170 students each year going through the Scheme at all levels. The Trust is now looking to expand the activities of the trading company delivering appropriate and relevant training courses and offering its services to young people in the wider Warrington area. Bridgewater High School Trading Ltd also provides cleaning services to the Academy.

#### **Objectives and activities**

##### ***Objects and aims***

The object of Bridgewater High School is to advance for the public benefit of education in the United Kingdom in particular by establishing, maintaining carrying on, managing and developing school offering a broad and balanced curriculum. Supporting this object, the object of the school company Bridgewater High School Trading Ltd is to provide outdoor education-related services and facilities to the school's pupils and other young people and also to provide school improvement, training opportunities and related services to other educational institutions.

By fulfilling these objects, the Trust aims to provide an excellent standard of education to pupils at the school ensuring strong academic progress for all students and to support the pupils' all-round education and development as individuals, preparing them for adulthood. The Trust aims to ensure that it is fully inclusive, welcoming pupils from all backgrounds and with varying educational needs, working to meet their needs and help them fulfil their potential. The Trust also aims to work with other schools in the area and the Local Authority to ensure that all children in Warrington benefit from the highest possible standard of education.

##### ***Objectives, strategies and activities***

In the pursuit of the Objects and Aims, the Academy is focused on:

- Inspiring and influencing others to believe in the fundamental importance of education in young people's lives and in the promotion of the value of education



## **Bridgewater High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

- Inspiring integrity, creativity and resilience amongst the Academy's pupils and staff
- Demanding ambitious standards for all pupils, overcoming disadvantage and advancing equality, instilling a strong sense of accountability in our staff for the impact of their work on students' outcomes
- Shaping the current and future quality of the teaching profession through high quality training and sustained professional development for all the Academy's staff
- Sustaining wide, current knowledge and understanding of education systems locally, nationally and globally, and pursue continuous professional development
- Promoting optimistic personal behaviour, positive relationships and attitudes amongst the Academy's pupils and staff and in the wider community including parents, governors and local people
- Ensuring the Academy is outward-facing, working with other schools and organisations - in a climate of mutual challenge - championing best practice and securing excellent achievements for all pupils
- Securing strong governance, supporting the Trustees to understand their role and deliver their functions effectively - in particular their function in the setting educational strategies and holding the Principal and Headteacher to account for pupil, staff and financial performance
- Providing a safe, calm and well-ordered environment for all the Academy's pupils and staff, focused on safeguarding pupils and developing their exemplary behaviour in school and the wider society
- Exercising strategic, curriculum-led financial planning to ensure the equitable deployment of budgets and resources, in the best interests of pupils' achievements and the Academy's sustainability.

#### ***Public benefit***

Bridgewater High School is run for the public benefit of young people and their families in the South Warrington and wider Warrington area, providing educational services. The objectives, strategies and activities in the year are focused on this providing this public benefit. The Trustees have complied with their duty to have due regard to guidance on public benefit published by the Charity Commission in exercising their powers and duties.

## Bridgewater High School

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### Achievements and performance

The Trustees of Bridgewater High School monitor the performance of both students and staff through looking at a range of soft and hard data which include academic success in external examinations and pupil progress for all students and for particular groups of student such as pupils with SEND and those entitled to pupil premium support, attendance, behaviours and exclusion data, participation in school life, student surveys and staff CPD and performance.

The school's overall performance at GCSE and A Level was strong this year reflecting the hard work of all students of all abilities and their teachers.

At GCSE 74% of all students gained an A\*-C in both English and Maths with ten of the most able students achieving an A or A star in all their subjects and over 90% of students making expected or more than expected progress in English from KS2. A key priority was to narrow the gaps for the most disadvantaged pupils in English and Maths and this was also achieved.

At A level, there was also significant success with all students in Year 13 moving on to the university course or training place of their choice and 4 students gaining places at Oxford or Cambridge. Notable successes at A level included a leap in the average point score per student from 848 to 940 compared to last year, an increase of 11% to 50% for grades A\*-B compared to the 3 year average of 39%, an increase of 3% to 20% for grades A\*-A compared to the 3 year average of 17%, and an increase of 6% to 95% for students gaining 3 grades A\*-E compared to the 3 year average of 89%.

The school offers a wide variety of opportunities through its varied extra-curricular programme in the Arts, Science and Sports in particular with a variety of school trips also being offered to pupils including the long-running German and American (Martha's Vineyard) student exchange programmes and trips to Poland, Venice and Iceland. Approximately 170 pupils took part in the Duke of Edinburgh Award Scheme with Bronze, Silver and Gold levels on offer, whilst there were a number of dance and drama trips to deepen pupils understanding and experience in these subjects. Y11 and Sixth Form pupils were offered a range of experiences and visits to help inform their choices post 16 and post 18 including trips to Cambridge and Leeds universities. Finally the full Y7 cohort took part in the annual trip to the Conway Centre on Anglesey.

##### Key Performance Indicators

###### GCSE Performance

GCSE Results	2016	2015	2014	2013
Progress 8	+0.08	N/A	N/A	N/A
Attainment 8	55.9	N/A	N/A	N/A
%A*-C inc English & Maths	74	74	70	69
% English Baccalaureate	30	38	33	30
%5+A*-C inc English & Maths	72	71	68	68
%A*-A of all entries	31	31	29	33
%1+A*-G	100	99	99	98
%2+A*-C in Science	36	68	63	72
%1+A*-C in MFL (of whole cohort)	37	42	37	35

## Bridgewater High School

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report (continued)

Expected Progress	2016	2015	2014	2013
%English	90	79	78	77
%Maths	77	79	69	76

#### Disadvantaged Groups

	All Y11	Disadvantaged	Non disadvantaged	Difference
% pupils achieving 5+A*-C at GCSE incl. English & Maths	72	43	75	-32
% pupils achieving A*-C at GCSE in both English & Maths	74	53	77	-24
% pupils making expected progress in English	90	77	92	-15
% pupils making expected progress in Maths	77	57	79	-22

#### A Level Performance

A Level (A2)	2016	2015	2014	2013
%A*-B	50	44	37	35
%A-E	99	99	98	98
%A*-A	20	20	14	17
Av pts score per student	940	876	811	859
Av pts score per entry	215	205	205	205
% achieving 3 A levels at AAB in "facilitating" subjects	5	8	7	6
% achieving 2 A levels at AAB in "facilitating" subjects	19	18	18	9
% achieving 3 A levels at A*-E (excluding equivalences)	95	89	92	87
% achieving 2 A levels at A*-E	100	90	95	91
% achieving 1 A level at A*-E	100	97	100	100

#### Attendance

Overall Attendance to 13 <sup>th</sup> June 2016 * Year 11 first two terms					
	Year 7	Year 8	Year 9	Year 10	Year 11*
All Pupils	96.0	95.1	95.4	94.3	93.6
Pupil Premium	94.7	89.2	90.2	90.2	86.7
Non Pupil Premium	96.1	95.9	96.1	94.7	94.5
ALL SEN	95.0	94.3	92.5	92.4	90.4

#### Going concern

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

## **Bridgewater High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report (continued)**

##### **Financial review**

The majority of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants. The grants received from the EFA in the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received other grants from the EFA and other organisations, the use of which is restricted to particular purposes (such as the Capital Improvement Fund grant). In accordance with the Charities Statement of recommended practice, 'Accounting and Reporting by Charities (SORP 2015)', such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August, 2016, total expenditure of £8,930,012 was incurred (which excludes depreciation of £1,569,506 and FRS 102 service cost and interest of £150,000) covered by recurrent grant income from the EFA, together with other incoming resources which totalled £8,832,010. The excess of expenditure over income for the period was £98,002. Total funds carried forward amount to £109,195.

Unrestricted income and expenditure in the period ended 31 August 2016 amounted to £119,203 and £32,555 respectively.

At 31 August 2016 the net book value of fixed assets amounted to £36,713,173 and movements in fixed assets are shown in note 11 of the financial statements. The cost of fixed asset additions in the year ended 31 August 2016 amounted to £920,747.

During the year the Academy Trust received £2,016,563 of capital funding of which £1,336,376 is committed on capital projects.

##### **Reserves policy**

The Trustees review the level of reserves on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Academy's current free reserves (total reserves less the amounts held in the fixed asset reserve and restricted pension fund reserve) is £109,195. The amount is kept secure for a time when it is needed to either self-finance schemes of major capital projects or support the revenue budget in future years.

The Trustees have decided to adopt a prudent approach to reserves and aim to build a reserve of designated funds of at least 5% of annual income to safeguard against unforeseen circumstances, capital improvements or developments. This is sound commercial practice designed to safeguard the quality of education received within the Academy.

In addition the net liability due to the Academy's participation in the Local Government Pension Scheme (LGPS) amounts to £2,710,000. The Trust recognises that this is an increase in the liability from 2015 and may result in an increase in employer contributions in future years and impacting on the Trust's cash flow position. The Trustees regularly review the potential effect on the Academy's reserves. Parliament has agreed at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding LGPS liabilities would be met by the Department of Education. This guarantee provides comfort to the Trustees in the unlikely event of Academy closure.



## **Bridgewater High School**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report (continued)**

##### ***Investment policy***

The Trustees have the responsibility to invest any cash balances the Academy holds prudently and with due regard to managing the risk posed by any potential investment strategy whilst maximising potential returns.

The Trustees safeguard cash balances by investing them in an interest bearing current account with a sound commercial bank (currently Lloyds Bank plc).

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

The Trustees regularly review the principal risks and uncertainties facing the Academy and have put in place robust internal control systems and risk management processes to manage the identified risks.

The principal uncertainty identified is the Academy's reliance on the pupil numbers being recruited at Y7 and at Y12. The Academy is regularly over-subscribed in Year 7. It has an excellent relationship with the local primary schools which this combines with the school's excellent results at KS4 to enable recruitment of pupils to be maintained. Recruitment into the school's Sixth Form is more challenging as pupils leaving Year 11 have a wide range of alternative providers to consider. A robust recruitment strategy is pursued annually and the Sixth Form has developed a reputation as a niche quality provider focusing on academic excellence and individual student support. The long-term viability of the Sixth Form is being kept under review by the Trustees.

##### ***Plans for future periods***

The Academy plans to continue to serve the area of South Warrington and the wider Warrington area by delivering excellent education to the pupils in its care. It will continue to develop strong partnerships with the other high schools and sixth forms in Warrington through the partnership working groups such as the Warrington Challenge and the Warrington Education Board. The aim of the partnerships is to bring about school improvement through collaboration Warrington-wide. The Academy is exploring the possibility of creating closer and more formal links with other educational organisations particularly the formation of a multi academy trust in the interests of further improving educational outcomes for the Academy's pupils. The Academy will continue to adapt the service it provides in line with national and local educational initiatives whilst using its Academy status to ensure that the curriculum and extra-curriculum programs and pastoral care systems best fit the needs of the Academy's pupils.

##### **Auditor**

In so far 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.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Full Governing Body on 8 December 2016 and signed on its behalf by:



Mr S Whatmore  
(Chair of Trustees)



## **Bridgewater High School**

### **Governance Statement**

#### **Scope of responsibility**

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

The Full Governing Body 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 Bridgewater High School and the Secretary of State for Education. They are also responsible for reporting to the Full Governing Body 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 Full Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Full Governing Body was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr S Whatmore (Chair)	4	4
Mrs A Gittins (Vice-Chair)	2	4
Mr J Betts	4	4
Mr G Bratley	3	4
Mr I Deas	3	4
Dr R Hayward	4	4
Mrs A Howard	2	2
Mr M Hughes	2	4
Mr T Long (Principal and Accounting Officer)	4	4
Mrs S Longworth	2	3
Mr M Malam (Staff Trustee)	4	4
Mrs A Pailing	2	2
Mr M Palmer	1	2
Miss M Plimmer (Staff Trustee)	4	4
Mrs M Scattergood	4	4
Mr G Stuart	4	4
Mrs J Wells	1	2
Mr I Wilson	3	4

At the beginning of the year there were 4 Parent Governor vacancies and one Community Governor vacancy. 4 Parent Governor vacancies were filled during the year through elections from the parent body with governors being elected for a four-year term of office. One Community Governor resigned during the year leaving 2 unfilled Community Governor vacancies.

## **Bridgewater High School**

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

The Scrutiny and Finance committee is a sub-committee of the Full Governing Body. During 2015-16 it also incorporated the functions of the Audit committee. It consists of the Chair and Vice-Chair of the Governing Body, the Chairs of the sub-committees and the Principal. The Chair of the Governing Body is a fully-qualified accountant. It meets on a monthly basis and its functions are to set and approve the budget for the Trust, receive and monitor monthly financial reports to ensure the financial health of the Trust, oversee the financial internal control systems, oversee and monitor the overall strategic direction and performance of the school. Attendance at meetings during the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr S Whatmore (Chair)	8	11
Mr J Betts	7	11
Mr G Bratley	10	11
Mrs A Gittins (Vice-Chair)	5	11
Dr R Hayward	9	11
Mr T Long (Principal and Accounting Officer)	10	11
Mrs M Scattergood	10	11

The Audit committee was set up in September 2016 and is also a sub-committee of the main board of Trustees. Its purpose is to:

- Review the effectiveness of the school's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner.
- Consider all relevant reports by the Chief Financial Officer, any internal auditors or the appointed external auditor, including reports on the School's accounts, achievement of value for money and the response to any management letters
- Monitor the implementation of action to address adverse control findings by the Chief Financial Officer, any internal auditors or the appointed external auditor.

## **Bridgewater High School**

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

#### **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.

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:

- making comparisons with other/similar schools using data provided by the Government,
- challenging proposals, examining them for effectiveness, efficiency, and cost,
- requiring suppliers to compete on grounds of cost, and quality/suitability of services/products/backup.

Examples of the focus on achieving value for money has been demonstrated through

- 1) The focus on curriculum planning which has enabled staff to be used most effectively and efficiently
- 2) The review of absence management procedures leading to a reduction in overall absence levels
- 3) Cover for staff absence which involved robust analysis of the insurance options available and resulted in comparable insurance cover at a significantly reduced cost to previous years

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Bridgewater High School for the period 1 September to 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Full Governing Body 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 Full Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 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'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 purpose 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;

## **Bridgewater High School**

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

- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Full Governing Body has considered the need for a specific internal audit function and has decided:

- to set up an Audit Committee to oversee the internal and external audit process and ensure that there is a programme of internal checks ;
- to continue to carry out an annual financial management self-assessment process;
- to consider the appointment of an external reviewer to carry out additional checks ;

On a quarterly basis, the reviewer reports to the board of Trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

#### **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 Scrutiny and Finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Full Governing Body on 8 December 2016 and signed on its behalf by:



.....  
S Whatmore  
(Chair of Trustees)



.....  
T Long  
(Principal and Accounting Officer)

## **Bridgewater High School**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Bridgewater High School 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 Full Governing Body 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.



.....  
Mr T Long  
(Accounting Officer)



## **Bridgewater High School**

### **Statement of Trustees' Responsibilities**

The Trustees (who act as governors of Bridgewater High School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

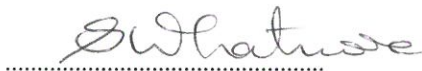
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 8 December 2016 and signed on its behalf by:



.....  
Mr S Whatmore(Chairman)  
Trustee

## **Bridgewater High School**

### **Independent Auditor's Report on the Financial Statements to the Members of Bridgewater High School**

We have audited the financial statements of Bridgewater High School for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, 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".

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 trustees 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 Statement of Trustees' Responsibilities (set out on page 16), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements:

- 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;
- have been prepared in accordance with the Charities SORP 2015 and 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

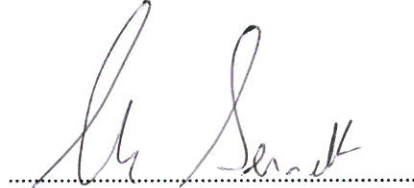
#### **Matters on which we are required to report by exception**

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:

## **Bridgewater High School**

### **Independent Auditor's Report on the Financial Statements to the Members of Bridgewater High School (continued)**

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



Anna Bennett (Senior Statutory Auditor)  
For and on behalf of Hallidays, Statutory Auditor

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date... 08.12.16



## **Bridgewater High School**

### **Independent Reporting Accountant's Report on Regularity to Bridgewater High School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 6 March 2015 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 Bridgewater High 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 Bridgewater High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Bridgewater High School and the 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 Bridgewater High School and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Bridgewater High School's funding agreement with the Secretary of State for Education dated 28 November 2014 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 year from 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:

- We have confirmed that the activities conform to the academy'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 are within the academy'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 and extended the procedures required for financial statements to include regularity.

## **Bridgewater High School**

### **Independent Reporting Accountant's Report on Regularity to Bridgewater High School and the Education Funding Agency (continued)**

- 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's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the governing body 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 year from 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.

  
.....  
Hallidays, Chartered Accountants

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date... 08/12/16 .....

## Bridgewater High School

### Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	370,057	-	1,646,506	2,016,563
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	8,264,630	-	-	8,264,630
Other trading activities	4	118,092	78,120	-	-	196,212
Investments	5	1,111	-	-	-	1,111
Total		119,203	8,712,807	-	1,646,506	10,478,516
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	32,555	8,897,457	150,000	1,569,506	10,649,518
Net income/(expenditure)		86,648	(184,650)	(150,000)	77,000	(171,002)
Transfers between funds		(44,808)	9,462	-	35,346	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	25	-	-	(1,041,000)	-	(1,041,000)
Net movement in funds/(deficit)		41,840	(175,188)	(1,191,000)	112,346	(1,212,002)
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2015		67,355	175,188	(1,519,000)	37,836,454	36,559,997
Total funds/(deficit) carried forward at 31 August 2016		109,195	-	(2,710,000)	37,948,800	35,347,995

## Bridgewater High School


### Statement of Financial Activities for the Period from 29 October 2014 to 31 August 2015 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2015 As restated £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	325,974	-	927,743	1,253,717
Transfer from local authority on conversion		5,486	-	(1,737,000)	38,147,789	36,416,275
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	6,297,261	-	-	6,297,261
Other trading activities	4	66,460	136,374	-	-	202,834
Investments	5	<u>672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672</u>
Total		72,618	6,759,609	(1,737,000)	39,075,532	44,170,759
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	<u>5,263</u>	<u>6,609,046</u>	<u>167,000</u>	<u>1,214,453</u>	<u>7,995,762</u>
Net income/(expenditure)		67,355	150,563	(1,904,000)	37,861,079	36,174,997
Transfers between funds		-	24,625	-	(24,625)	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	25	<u>-</u>	<u>-</u>	<u>385,000</u>	<u>-</u>	<u>385,000</u>
Net movement in funds/(deficit)		<u>67,355</u>	<u>175,188</u>	<u>(1,519,000)</u>	<u>37,836,454</u>	<u>36,559,997</u>
<b>Reconciliation of funds</b>						
Total funds/(deficit) carried forward at 31 August 2015		<u>67,355</u>	<u>175,188</u>	<u>(1,519,000)</u>	<u>37,836,454</u>	<u>36,559,997</u>

**Bridgewater High School**  
**(Registration number: 09286883)**  
**Balance Sheet as at 31 August 2016**

	Note	2016 £	2015 As restated £
<b>Fixed assets</b>			
Tangible assets	11	36,713,173	37,361,932
<b>Current assets</b>			
Debtors	12	831,784	614,852
Cash at bank and in hand		<u>1,721,625</u>	<u>1,438,949</u>
		2,553,409	2,053,801
Creditors: Amounts falling due within one year	13	<u>(1,028,458)</u>	<u>(1,176,423)</u>
Net current assets		<u>1,524,951</u>	<u>877,378</u>
Total assets less current liabilities		38,238,124	38,239,310
Creditors: Amounts falling due after more than one year	14	<u>(180,129)</u>	<u>(160,313)</u>
Net assets excluding pension liability		38,057,995	38,078,997
Pension scheme liability	25	<u>(2,710,000)</u>	<u>(1,519,000)</u>
Net assets including pension liability		<u><u>35,347,995</u></u>	<u><u>36,559,997</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		-	175,188
Restricted fixed asset fund		37,948,800	37,836,454
Restricted pension fund		<u>(2,710,000)</u>	<u>(1,519,000)</u>
		35,238,800	36,492,642
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>109,195</u>	<u>67,355</u>
Total funds		<u><u>35,347,995</u></u>	<u><u>36,559,997</u></u>

The financial statements on pages 21 to 45 were approved by the Trustees, and authorised for issue on 8 December 2016 and signed on their behalf by:

  
 .....  
 Mr S Whatmore  
 (Chairman)

  
 .....  
 Mr T Long  
 (Principal and Accounting Officer)

# **Bridgewater High School**

## **Statement of Cash Flows for the Year Ended 31 August 2016**

		<b>2016</b>	<b>(As restated)</b>
	<b>Note</b>	<b>£</b>	<b>2015</b>
			<b>£</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(450,644)	762,463
Cash transferred on conversion to an academy trust		-	5,486
Cash flows from investing activities	21	726,870	499,820
Cash flows from financing activities	20	<u>6,450</u>	<u>171,180</u>
Change in cash and cash equivalents in the year		282,676	1,438,949
Cash and cash equivalents at 1 September		<u>1,438,949</u>	<u>-</u>
Cash and cash equivalents at 31 August	22	<u><u>1,721,625</u></u>	<u><u>1,438,949</u></u>



## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016**

#### **1 Accounting policies**

##### **Statement of 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.

##### **Basis of preparation**

The financial statements 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.

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

##### **Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 financial statements 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 financial statements.

##### **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**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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.

## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### ***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.

##### ***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.

##### ***Expenditure***

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

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.



## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 over its expected useful lives, per the table below.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Buildings	2% straight line
Plant and Machinery	20% reducing balance
Fixtures, fittings and equipment	20% reducing balance
Computer equipment	33.33% 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.

##### **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.

##### **Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### **Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### **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.

##### **Pension 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. 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 the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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.

##### **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 the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

##### **Critical accounting estimates and areas of judgement**

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.

## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### ***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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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.

##### **Agency accounting**

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 27.

##### **First time adoption of FRS 102**

These financial statements are the first financial statements of Bridgewater High School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Bridgewater High School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 2 Donations and capital grants

	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 As restated £
<b>Other voluntary income</b>				
Educational trips and visits	367,452	-	367,452	322,534
Capital grants	-	1,646,506	1,646,506	927,743
Other donations	2,605	-	2,605	3,440
	<u>370,057</u>	<u>1,646,506</u>	<u>2,016,563</u>	<u>1,253,717</u>

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2016 £	Total 2015 As restated £
<b>DfE/EFA revenue grants</b>			
General annual grant (GAG)	7,761,246	7,761,246	5,973,279
Other DfE/EFA grants	194,055	194,055	140,056
Start up grants	-	-	25,000
	<u>7,955,301</u>	<u>7,955,301</u>	<u>6,138,335</u>
<b>Other government grants</b>			
Local authority grants	309,329	309,329	158,926
Total grants	<u>8,264,630</u>	<u>8,264,630</u>	<u>6,297,261</u>

#### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	39,462	-	39,462	23,626
Catering income	19,301	-	19,301	11,395
School shop sales	821	-	821	110
Other income	58,508	78,120	136,628	167,703
	<u>118,092</u>	<u>78,120</u>	<u>196,212</u>	<u>202,834</u>



## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 5 Investment income

	Unrestricted funds £	Total 2016 £	Total 2015 £
Bank interest	<u>1,111</u>	<u>1,111</u>	<u>672</u>

#### 6 Resources expended

	Non Pay Expenditure				
	Staff costs £	Premises £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
Direct costs	6,635,333	1,428,005	777,106	8,840,444	6,531,967
Allocated support costs	<u>711,525</u>	<u>795,032</u>	<u>302,517</u>	<u>1,809,074</u>	<u>1,463,795</u>
	<u><u>7,346,858</u></u>	<u><u>2,223,037</u></u>	<u><u>1,079,623</u></u>	<u><u>10,649,518</u></u>	<u><u>7,995,762</u></u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Operating leases - other leases	70,161	52,124
Fees payable to auditor - audit	7,750	7,750
- other audit services	5,920	5,500
Depreciation	<u><u>1,561,344</u></u>	<u><u>1,214,452</u></u>

# **Bridgewater High School**

## **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

### **7 Charitable activities**

		<b>Total 2016 £</b>	<b>Total 2015 £</b>
Direct costs - educational operations		8,840,444	6,531,967
Support costs - educational operations		<u>1,809,074</u>	<u>1,463,795</u>
		<b>10,649,518</b>	<b>7,995,762</b>
	<b>Educational operations £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Analysis of support costs</b>			
Support staff costs	711,525	711,525	574,585
Depreciation	141,501	141,501	103,836
Premises costs	653,531	653,531	544,156
Other support costs	290,660	290,660	208,448
Governance costs	<u>11,857</u>	<u>11,857</u>	<u>32,770</u>
Total support costs	<b><u>1,809,074</u></b>	<b><u>1,809,074</u></b>	<b><u>1,463,795</u></b>

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 8 Staff

##### Staff costs

	Total 2016 £	Total 2015 £
<b>Staff costs during the year were:</b>		
Wages and salaries	5,620,218	4,286,086
Social security costs	482,311	322,577
Pension costs	1,029,994	755,941
	<hr/> 7,132,523	<hr/> 5,364,604
Supply teacher costs	133,835	42,991
Staff restructuring costs	80,500	-
	<hr/> 7,346,858	<hr/> 5,407,595
		<b>2016 £</b>
<b>Staff restructuring costs comprise:</b>		
Severance payments		<hr/> 80,500

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £80,500 (2015: £Nil). Individually, the payments were:

Non-statutory payments £32,500

Non-statutory payments £32,500

Non-statutory payments £15,500

##### Staff numbers

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

	2016 No	2015 No
<b>Charitable Activities</b>		
Teachers	107	109
Administration and support	78	82
Management	13	13
	<hr/> 198	<hr/> 204

## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **8 Staff (continued)**

##### **Higher paid staff**

The number of employees whose emoluments exceeded £60,000 was:

	<b>2016 No</b>	<b>2015 No</b>
£60,001 - £70,000	2	-
£70,001 - £80,000	2	1
£90,001 - £100,000	1	-
£100,001 - £110,000	<u>2</u>	<u>-</u>

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 £1,082,821 (2015: £743,384 - 9 months).

#### **9 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The 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 role as trustees. The value of trustees' remuneration and other benefits for the year ended 31st August 2016 (9 months ending 31st August 2015) was as follows:

Mr T Long (Principal and Accounting Officer) (Principal):

Remuneration: £105,000 - £110,000 (2015 - £75,000 - £80,000)

Employer's pension contributions: £15,000 - £20,000 (2015 - £10,000 - £15,000)

Mr M Malam (Staff Trustee) (Assistant Headteacher):

Remuneration: £50,000 - £55,000 (2015 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

Miss M Plimmer (Staff Trustee) (Teacher):

Remuneration: £40,000 - £45,000 (2015 - £30,000 - £35,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015 - £826) were reimbursed or paid directly to 0 trustees (2015 - 3).

Other related party transactions involving the trustees are set out in note 26.

#### **10 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was included in the total insurance cost.



## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	33,492,725	5,061,826	11,165	10,668	38,576,384
Additions	<u>775,871</u>	<u>127,952</u>	<u>-</u>	<u>16,924</u>	<u>920,747</u>
At 31 August 2016	<u>34,268,596</u>	<u>5,189,778</u>	<u>11,165</u>	<u>27,592</u>	<u>39,497,131</u>
<b>Depreciation</b>					
At 1 September 2015	484,500	727,267	1,628	1,058	1,214,453
Charge for the year	<u>671,083</u>	<u>891,605</u>	<u>2,791</u>	<u>4,026</u>	<u>1,569,505</u>
At 31 August 2016	<u>1,155,583</u>	<u>1,618,872</u>	<u>4,419</u>	<u>5,084</u>	<u>2,783,958</u>
<b>Net book value</b>					
At 31 August 2016	<u>33,113,013</u>	<u>3,570,906</u>	<u>6,746</u>	<u>22,508</u>	<u>36,713,173</u>
At 31 August 2015	<u>33,008,225</u>	<u>4,334,559</u>	<u>9,537</u>	<u>9,610</u>	<u>37,361,931</u>

#### 12 Debtors

	2016 £	2015 £
Trade debtors	6,387	5,822
VAT recoverable	64,262	231,604
Other debtors	6,605	13,899
Prepayments	122,309	139,558
Accrued income	<u>632,221</u>	<u>223,969</u>
	<u>831,784</u>	<u>614,852</u>

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 13 Creditors: amounts falling due within one year

	2016 (Restated) £	2015 As restated £
Trade creditors	341,133	528,407
Other taxation and social security	138,272	126,411
Other creditors	39,022	89,244
Accruals	47,325	66,108
Deferred income	208,353	132,528
Pension scheme creditor	117,630	110,047
School fund liabilities	114,095	112,811
Salix loan	22,628	10,867
	<u>1,028,458</u>	<u>1,176,423</u>

	2016 £
<b>Deferred income</b>	
Deferred income at 1 September 2015	132,528
Resources deferred in the period	208,353
Amounts released from previous periods	<u>(132,528)</u>
Deferred income at 31 August 2016	<u>208,353</u>

At the balance sheet date the academy was holding funds received in advance in respect of 2016-17 for rates relief from the EFA, SEN, top up and high needs income from Warrington Borough Council, and NSS bursary from the NCTL.

#### 14 Creditors: amounts falling due after one year

	2016 £	2015 As restated £
Other creditors	25,127	-
Salix loan	<u>155,002</u>	<u>160,313</u>
	<u>180,129</u>	<u>160,313</u>

At the Balance Sheet date, the academy had received £188,160 of Salix funding relating to capital projects. Salix funding is an interest free loan approved by the Education Funding Agency (EFA) repayable in equal instalments over eight years. Repayments falling due within twelve months of the Balance Sheet date are included in note 15.

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 15 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	175,188	7,761,246	(8,897,457)	9,462	(951,561)
Other DfE/EFA grants	-	194,055	-	-	194,055
Other income	-	757,506	-	-	757,506
	<u>175,188</u>	<u>8,712,807</u>	<u>(8,897,457)</u>	<u>9,462</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	927,743	1,646,506	(99,382)	-	2,474,867
Capital expenditure from GAG	(24,625)	-	-	35,346	10,721
Assets transferred on conversion	<u>36,933,336</u>	<u>-</u>	<u>(1,470,124)</u>	<u>-</u>	<u>35,463,212</u>
	37,836,454	1,646,506	(1,569,506)	35,346	37,948,800
<b>Restricted pension funds</b>					
Pension reserve	<u>(1,519,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>(1,041,000)</u>	<u>(2,710,000)</u>
Total restricted funds	36,492,642	10,359,313	(10,616,963)	(996,192)	35,238,800
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>67,355</u>	<u>119,203</u>	<u>(32,555)</u>	<u>(44,808)</u>	<u>109,195</u>
Total funds	<u>36,559,997</u>	<u>10,478,516</u>	<u>(10,649,518)</u>	<u>(1,041,000)</u>	<u>35,347,995</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.

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 Governors may use in the pursuance of the Academy's objectives and are expendable at the discretion of the Governors.

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	36,713,173	36,713,173
Current assets	109,195	1,030,957	1,413,257	2,553,409
Current liabilities	-	(1,005,830)	(22,628)	(1,028,458)
Creditors over 1 year	-	(25,127)	(155,002)	(180,129)
Pension scheme liability	-	(2,710,000)	-	(2,710,000)
Total net assets	<u>109,195</u>	<u>(2,710,000)</u>	<u>37,948,800</u>	<u>35,347,995</u>

#### 17 Capital commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	<u>1,336,374</u>	<u>658,998</u>

#### 18 Commitments under operating leases

##### *Operating leases*

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Within one year	21,376	67,895
In two and five years	<u>-</u>	<u>21,367</u>
	<u>21,376</u>	<u>89,262</u>

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 19 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016	(As restated) 2015
	£	£
Net (expenditure)/income	(171,002)	36,174,997
Depreciation	1,569,505	1,214,452
Capital grants from DfE and other capital income	(1,646,506)	(927,743)
Interest receivable	(1,111)	(672)
FRS 102 Defined benefit pension scheme obligation inherited	-	1,737,000
FRS 102 Defined benefit pension scheme service cost	92,000	123,000
FRS 102 Defined benefit pension scheme finance cost	58,000	44,000
Increase in debtors	(216,932)	(614,852)
(Decrease)/increase in creditors	(134,598)	1,165,556
Cash transferred on conversion to an academy trust	-	(5,486)
Assets inherited on conversion	-	(38,147,789)
Net cash (used in)/provided by Operating Activities	<u>(450,644)</u>	<u>762,463</u>

#### 20 Cash flows from financing activities

	2016	2015
	£	£
Repayments of borrowing	(10,530)	-
Cash inflows from new borrowing	<u>16,980</u>	<u>171,180</u>
Net cash provided by financing activities	<u>6,450</u>	<u>171,180</u>

#### 21 Cash flows from investing activities

	2016	(As restated) 2015
	£	£
Dividends, interest and rents from investments	1,111	672
Purchase of tangible fixed assets	(920,747)	(428,595)
Capital funding received from sponsors and others	<u>1,646,506</u>	<u>927,743</u>
Net cash provided by investing activities	<u>726,870</u>	<u>499,820</u>

#### 22 Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	<u>1,721,625</u>	<u>1,438,949</u>
Total cash and cash equivalents	<u>1,721,625</u>	<u>1,438,949</u>



## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **23 Contingent liabilities**

During the life of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:-

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

#### **24 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.

#### **25 Pension and similar obligations**

The Academy'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 of the LGPS 31 March 2013.

Contributions amounting to £117,630 (2015 - (110,047)) were payable to the schemes at 31 August and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **25 Pension and similar obligations (continued)**

##### **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 TPS in the period amounted to £696,747 (2015: £451,146).

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

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

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 25 Pension and similar obligations (continued)

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £311,000 (2015 - £207,000), of which employer's contributions totalled £241,000 (2015 - £160,000) and employees' contributions totalled £70,000 (2015 - £47,000). The agreed contribution rates for future years are 21.1 per cent for employers and employee contributions are banded and change with salary for employees.

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

##### Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.10	3.50
Rate of increase for pensions in payment/inflation	2.10	2.60
Discount rate for scheme liabilities	<u>2.00</u>	<u>3.70</u>

##### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	- 0.5
	£
<b>Adjustment to discount rate</b>	
Present value of total obligation	<u>699,000</u>
	+ 0.5
	£
<b>Adjustment to pension rate</b>	
Present value of total obligation	<u>426,000</u>
	+ 0.5
	£
<b>Adjustment to rate of salary growth</b>	
Present value of total obligation	<u>251,000</u>
	+ 1 Year
	£
<b>Adjustment to mortality age rating assumption</b>	
Present value of total obligation	<u>172,000</u>

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

	At 31 August 2016	At 31 August 2015
<b>Retiring today</b>		
Males retiring today	22.30	22.30
Females retiring today	24.40	24.40
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.10	24.10
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>

## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 25 Pension and similar obligations (continued)

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	1,602,000	1,057,000
Government bonds	1,178,000	900,000
Property	211,000	202,000
Cash	30,000	90,000
Total market value of assets	3,021,000	2,249,000
Present value of scheme liabilities - funded	(5,731,000)	(3,768,000)
Deficit in the scheme	(2,710,000)	(1,519,000)

The actual return on scheme assets was £89,000 (2015 - £50,000).

#### Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost	92,000	123,000
Net interest cost	58,000	44,000
Total operating charge	150,000	167,000

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

	2016 £	2015 £
At 1 September	3,768,000	3,668,000
Current service cost	333,000	283,000
Interest cost	147,000	94,000
Employee contributions	70,000	47,000
Actuarial losses/(gains)	1,413,000	(324,000)
At 31 August	5,731,000	3,768,000

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

	2016 £	2015 £
At 1 September	2,249,000	1,931,000
Expected return on assets	89,000	50,000
Actuarial gains	372,000	61,000
Employer contributions	241,000	160,000
Employee contributions	70,000	47,000
At 31 August	3,021,000	2,249,000



## **Bridgewater High School**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **26 Related party transactions**

Owing to the nature of the Academy Trust 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 the Academy Trust has 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.

During the year the academy made the following related party transactions:

##### **Warrington Borough Council**

A local authority in which S Broomhead, a Member, is the Chief Executive.

During the year transactions totalling £309,929 (2015: £158,926) of educational grant income and £189,067 (2015: £156,159) of establishment and professional expenses took place. There were no outstanding amounts at 31 August 2016 (2015: £Nil).

##### **Bridgewater High School Trading Limited**

Bridgewater High School Trading Limited is a company limited by guarantee. The Directors of which are all Trustees and employees of the Academy Trust. During the year the Academy Trust has paid Bridgewater High School Trading Limited £27,415 for cleaning services.

One of the Trust's teaching staff undertakes work on the Duke of Edinburgh scheme awards and the value of the time given to Bridgewater High School Trading Limited is £12,415.

#### **27 Agency arrangements**

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 £8,075 and disbursed £1,325 from the fund. An amount of £6,750 is included in other creditors relating to funds that will be disbursed next year.

#### **28 Transition to FRS 102**

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 29 October 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:



## Bridgewater High School

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 28 Transition to FRS 102 (continued)

##### Reconciliation of total funds

	Note	2016 £
Total funds under previous UK GAAP		36,540,483
Deferred capital grants		19,514
Total funds reported under FRS 102		<u>36,559,997</u>

##### Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		36,171,483
Change in recognition of LGPS interest cost		(16,000)
Deferral of capital grants		19,514
Restated income/expenditure under FRS 102		<u>36,174,997</u>

##### 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 29 October 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expenditure by £16,000 and increase the debit in other recognised gains and losses in the SOFA by an equivalent amount.

##### Change in classification of capital grants

Under previous UK GAAP capital grants from the EFA were recognised under "Funding for the Academy's educational operations" in the SOFA. Under FRS 102 these are included under "Donations and capital grants". There has been no change in the funds brought forward.

##### Deferral of capital grants

Under FRS 102 devolved capital grants from the EFA must be recognised in full when received. The effect of this change is to increase income from capital grants by £19,514, decrease the deferred income creditor in 2015, and increase the restricted general funds brought forward by an equivalent amount in 2016.

