

Registered number: 08104190

BEAUMONT SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Governors and Members N R Armstrong (resigned 15 March 2016)
M J Atkinson, Deputy Head
B Austin (appointed 13 September 2016)¹
M R Cameron¹
C I Davies (appointed 11 September 2015)¹
A N Hall, Chair^{1,2}
H R Henry¹
E Hitch, Headteacher¹
C Hopkin¹
W I Johnston¹
G K Kellett¹
D A Lee¹
J McAlister
K Mirza (resigned 17 March 2016)
N S Moody (resigned 12 September 2016)
R Prindiville^{1,4}
L J Sherwood
V M Stewart (appointed 11 September 2015)
K M Trounson
A Wallis^{1,3}

- ¹ Member of the Resources Committee
- ² Chair of Governors
- ³ Vice Chair of Governors
- ⁴ Chair of Resources Committee

Company registered number 08104190

Company name Beaumont School

Principal and registered office Beaumont School
Oakwood Drive
St Albans
Hertfordshire
AL4 0XB

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Advisers (continued)

Company secretary S Kilka-Green

**School Business
Manager** J Wells

**Senior leadership
team** E Hitch, Headteacher
M Atkinson, Deputy Headteacher
C Cross, Assistant Headteacher
L Hawkins (now L Dine), Assistant Headteacher
Y Powdrell, Assistant Headteacher
S Hosegood, Assistant Headteacher (appointed 1 September 2015)
J Wells, School Business Manager

Independent auditor Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Bankers Lloyds Bank PLC
36 Chequer Street
St Albans
Hertfordshire
AL1 3YQ

Solicitors Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who are also the directors and members of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's report of Beaumont School (the Academy) for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy operates as a state-maintained, mixed secondary school in St Albans, Hertfordshire, for pupils aged 11 – 18. It had a roll of 1206 in the school census on 19 May 2016, including 303 in the Sixth Form.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the Academy.

The members of the Academy are also the Governors (directors) of the Academy for the purposes of company law. The Academy is known as Beaumont School.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

In accordance with normal practice the Academy has purchased insurance to protect the Governors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business.

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Board of Governors consists of:

- i) A minimum of 3 and a maximum of 7 Community Governors appointed by not less than two-thirds of the Governors present and voting at a meeting of Governors;
- ii) A minimum of 3 and a maximum of 7 Staff Governors (the Headteacher and any Deputy Headteacher(s) are ex-officio Staff Governors) of whom at least one is a teacher working at the Academy (in addition to the Headteacher and Deputy Headteacher(s)) and at least one is a member of the support staff working at the Academy. Internal elections are held when there is a vacancy. The total number of Staff Governors (including the Headteacher and Deputy Headteacher(s)) who are employees of the Academy may not exceed one third of the total number of Governors;
- iii) A minimum of 3 and a maximum of 7 Parent Governors elected by the parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he/she is elected. The Governing Body ensures that every parent of a registered pupil at the Academy is informed of the vacancy and is given an opportunity to vote at any election. If there are insufficient numbers of parents standing for election then the Governors may appoint a parent as a Parent Governor (provided

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

that the appointment is made at a Governors meeting at which two-thirds of Governors entitled to vote on the appointment (rounded up to a whole number) are in attendance);

- iv) The Secretary of State may:
- 1) appoint such Additional Governors as she sees fit if:
 - the Secretary of State has given the Governors a warning notice in accordance with Articles 60 and 61 of the Articles of Association and the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period; or
 - following an inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades.
 - 2) appoint such Further Governors as she thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement between the Secretary of State and the Academy) occurs in respect of the Academy.
- v) Up to 3 co-opted Governors may be appointed by the Governors. A co-opted Governor means a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy as a co-opted Governor if the number of Governors who are employees of the Academy would exceed one third of the total number of Governors (including the Headteacher and any Deputy Headteacher(s)).

The numbers of Community, Staff and Parent Governors shall not differ by more than two.

The term of office for all Governors (other than the Headteacher and any Deputy Headteacher(s)) shall be four years at the end of which they may be re-appointed or re-elected (subject to them remaining eligible to be a particular type of Governor).

The term of office of any Staff Governor who ceases to be employed by the Academy shall automatically terminate upon a Staff Governor ceasing to work at the Academy. The term of office of any Parent Governor shall not automatically terminate if the Parent Governor ceases to be the parent of a pupil registered at the Academy.

The Governing Body seeks to appoint Community Governors with relevant experience or background to complement the qualifications of the existing Governors.

Policies and Procedures Adopted for the Induction and Training of Governors

A comprehensive induction pack is sent to all new Governors shortly after their appointment. It details the structure of the Governing Body, the steps to be taken to complete the formalities of the appointment (such as registration with Companies House and from September 2016 on the National Database of Governors held by the Department for Education, pecuniary, business and personal interest declarations (including family relationships) and DBS and pre-appointment checks) and includes a number of documents to allow new Governors to familiarise themselves with the school and how it operates.

All new Governors are invited into the school for a tour and to meet with the Headteacher, Chair of Governors and other relevant Governors or members of the Senior Leadership Team. In addition, all new Governors are offered a new Governor mentor, being a more experienced Governor, to guide them through their role as a Governor.

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New Governors are asked to attend a meeting of each committee before deciding to which committee they are best suited as a result of their particular skills and experience.

Governors are encouraged to attend training (in particular, induction training, safeguarding and WRAP/Prevent training), within the first six months of their appointment, if possible. A log is kept of all Governor training undertaken and is reviewed on a regular basis at Governing Body and committee meetings.

All Governors agree to a written code of practice which they sign upon their appointment and again annually in each Autumn Term.

Organisational Structure

All Governors are also members of the Academy and their membership automatically ceases when they cease to be a Governor.

The members of the Academy meet a minimum of once a year.

The Headteacher is the Accounting Officer for the Academy.

The Governing Body comprises those persons appointed under the Articles of Association – as set out in the paragraph headed 'Method of Recruitment and Appointment or Election of Governors' above. It is responsible for the strategic direction of the school and meets a minimum of five times a year as a Full Governing Body (FGB), supported by two committees ((i) Community, Teaching and Learning and (ii) Resources, each of which meets five times a year.

Terms of reference for the Governing Body and the committees are agreed at the first FGB meeting of the academic year and all committees comprise appropriately qualified members. The Governing Body agrees, reviews and monitors the Plan for School Improvement and oversees school policies.

The day-to-day management of the Academy is delegated to the Headteacher who undertakes the key leadership role overseeing the educational, pastoral and administrative functions of the school, and the appointment of all staff. The Headteacher is supported by the Senior Leadership Team which during the period to 31 August 2016 comprised of: a Deputy Headteacher, four Assistant Headteachers and the School Business Manager. The Senior Leadership Team works closely with Middle Leaders, who in turn work with staff in their teams and departments, to ensure that the Plan for School Improvement and the overarching aims of the school are delivered.

Arrangements for setting pay and remuneration of key management personnel

There is a Pay and Performance Policy which is reviewed annually by the Governing Body. In setting the Headteacher's pay the Academy uses the School Teachers Pay and Conditions Document (STPCD) to define the school's group size. This is then reviewed by the Pay Review Group (consisting of three Governors) to agree the Individual School Range (ISR). The Headteacher's pay is then set within the agreed ISR.

All Senior Leadership team posts (Teaching) follow the same performance review procedures as other teaching staff. These reviews are completed by 31 October each year (Headteacher post by 31 December). Following the performance appraisal process all review documentation is moderated by the Headteacher and is then subject to review by an external consultant. The Headteacher's report and the report by the external consultant are presented to the Pay Review Group which scrutinises the proposals. The Pay Review Group presents all recommendations in a report to the Resources Committee for ratification. The Headteacher's performance management is undertaken by the Pay Review Group with the support of an external adviser from Hertfordshire County Council and is reported to Resources.

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GOVERNORS' REPORT (continued)
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Related Parties and other Connected Charities and Organisations

The Academy works closely with two local schools, Sandringham and Verulam, to deliver a wide range of courses at post-16 and to encourage professional development of staff; this was known as the BeauSandVer Consortium until the end of July 2016. On 8th August 2016 the consortium became a company limited by guarantee called BeauSandVer Education Trust which was incorporated in England and Wales (the BeauSandVerTrust). The Academy is one of the three members of the BeauSandVer Trust and the Headteacher and Chair of Governors of the Academy are two of the six directors. The Academy is also an active member of the local Headteachers' group and part of a network of local schools delivering a highly successful Schools' Direct programme, co-ordinated by the local Alban Teaching Schools Alliance. The Academy is a National Support School, and affiliated to the Schools, Teachers and Students Network (formerly the SSAT). The Headteacher qualified as an Ofsted inspector in February 2015, is a National Leader of Education and works to support schools across the Local Authority as required. She is a member of a number of professional organisations enabling her to keep fully abreast of current educational issues.

Objectives and Activities

Objects and Aims

The objects of the Academy are:

- a) to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- b) to promote for the benefit of the inhabitants of St. Albans and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The aims of the Academy are to prepare young people to become active, caring and confident citizens who lead rewarding lives. The Academy will do this by helping each young person to flourish within a school community which is committed to:

- Providing outstanding learning opportunities within a broad and balanced curriculum;
- Creating a safe and caring environment in which every young person enjoys learning;
- Promoting equal opportunity for all members of our community, regardless of their ability, background or culture;
- Developing an awareness of our world, celebrating diversity and promoting a concern for the environment.

The Academy wants every student who leaves Beaumont School to do so with a sense of pride in their achievements, an awareness of their responsibilities and a sense of appreciation for all the opportunities they have experienced.

Objectives, Strategies and Activities

The detailed objectives, strategies and activities for the Academy are outlined in the Plan for School

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Improvement. The Governor committees oversee the key priorities within the Plan for School Improvement: (i) to maintain outstanding quality of provision for students; (ii) to deploy resources efficiently and effectively to meet the needs of students and staff.

Public Benefit

The Academy is a charitable trust which seeks to benefit the public through the pursuit of its stated aims (see above). The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Whilst the Academy is independently governed, it remains state-funded and free for students. Its admissions policy is delegated to and operated by the County Council, so as to ensure fair and inclusive access for local students across the full range of abilities. The Governors pay close regard to the charitable objectives of the Academy, particularly through seeking to achieve its aims and maintain its ethos through the implementation of the Plan for School Improvement, which ensures a broad and balanced curriculum, a safe and caring learning environment and equality of opportunity.

The Governors continue to invest heavily in the improvement of the Academy's facilities, particularly recreation and sports facilities (through the FAB Project and other initiatives) which will benefit both the Academy's students and the local community.

Strategic Report

Achievements and Performance

The Academy's academic results in 2016 demonstrate continued outstanding performance.

At GCSE this year saw the start of reporting based on Attainment 8 and Progress 8, and there are now four GCSE performance measures as below:

- 1) Attainment 8 : 59.2
- 2) Progress 8: 0.39
- 3) % Basics: 80% A*-C in both English & Maths
- 4) EBacc: 55%

A2 Results:

- Record results at APS per entry of 37 (B-)
- 64% A*-B grades
- 87% A*-C
- 35 A* grades across 17 subjects

AS Results:

- 59% A-B compared to the school's previous highest of 56%.

These results put the school in the top 5% of comprehensive schools based on 2015-16 performance tables. These were exceptional results at both GCSE and A Level and the outcome of excellent teaching and committed students.

Other key achievements and activities in the 2015/16 academic year include:

- Secondary School of the Year at the Herts Advertiser Teaching Awards 2016

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- Exceptional performance in Sport at district, county and national level
- Exceptional performance in Music, including whole school performances within school, and concerts in the local community, including a celebratory 10-year anniversary recital by the Vocal Ensemble and alumni.
- Exceptional performances in Drama, including a whole school production of 'Wind in the Willows', drama club performances in Years 7 and 8, Year 9 drama club entry into the Barn Theatre Drama Festival (Welwyn Garden City) and individual success, including for alumni active in the West End.
- Numerous and extensive trips and visits at home and abroad to enhance both curricular and extra-curricular learning.

In addition to the Academy's academic results, the Academy was delighted to successfully complete major building works including:

- the second phase of the FAB (Fields, Access, and Buildings) Project, consisting of a new sports hall, fitness suite, conference room, reception, car park and additional classrooms. Work on the improved and enlarged playing fields (including an all weather pitch and multi-use games area) was completed in October 2015.
- an overhaul of the drainage system across the school using a £605,000 grant from the Condition Improvement Fund.
- fire safety works funded by an additional grant from the Condition Improvement Fund, including the installation of a new fire alarm system covering the school site, the replacement or refurbishment of fire doors across the site with hold open devices to make it easier for students to move around the site.
- the refurbishment of two laboratories and the chemistry prep room as part of the FAB Project.

Key Performance Indicators

There are a number of non-financial indicators which the Academy uses to analyse performance, including Ofsted inspection outcomes and academic results, both of which are detailed above under Achievements and Performance. In addition, the Academy closely monitors pupil attendance data which is regularly reviewed by the Governors. Pupil recruitment is also monitored: the school's Year 7 intake is oversubscribed every year and entry into the Sixth Form is growing year on year.

In terms of financial performance indicators, the Governing Body has delegated the responsibility for considering the main financial indicators to the Resources Committee. This committee meets at least five times each year and considers the following indicators as appropriate:

- Monthly variances against budget;
- Staff costs as a percentage of General Annual Grant income;
- Cash flow;
- Revised outturn forecasts; and
- Restricted and unrestricted funds carried forward.

In addition to considering the indicators above, the Resources Committee uses benchmark data to review and compare various items of income and expenditure against other Academies.

Going Concern

After making appropriate enquiries, the Governors 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.

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Financial Review

The majority of income is received from the DfE (via the Education Funding Agency) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes. The General Annual Grant received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities (SoFA). On the date of conversion, 1 July 2012, all the assets and liabilities of the predecessor Community school known as Beaumont School were transferred to the Academy. The value of assets transferred is shown within restricted fixed asset funds on the balance sheet. In common with other Academies and Local Authorities, the Academy's share of the Local Government Pension Scheme fund is in deficit. The value of this deficit is £1,698,000 as at 31 August 2016.

Reserves Policy

The Academy is permitted to carry forward unspent GAG funding from one year to the next as specified in the current Academies Financial Handbook ("AFH") and may use such carried forward amount in accordance with the restrictions specified in the AFH. Any other funding may also be carried forward and all amounts carried forward are categorised as either restricted reserves or unrestricted reserves. The policy of the Academy is to carry forward a prudent level of unrestricted reserve designed to meet one month expenditure and to provide a level of contingency for any other unforeseen expenditure.

Governors monitor reserves to ensure that they are sufficient to enable the Academy to run on an efficient basis whilst maintaining the highest quality of teaching and learning.

As at 31 August 2016 the Academy has total reserves of £25,025k which is made up of £776k of unrestricted reserves, £28k of general restricted reserves, £25,918k of restricted fixed asset reserves and (£1,698k) of restricted funds relating to the LGPS pension liability.

The Academy is a member of a LGPS pooled arrangement with a large number of other Hertfordshire schools and academies. The current liability does not result in an immediate cash flow impact on the Academy however it is anticipated that the Employer's contribution rate will increase from April 2017 as a result of the triennial valuation which is currently in progress.

Investment Policy

There are currently no investments held beyond cash deposits retained with a major UK clearing bank. An investment policy was adopted in March 2016 which allows for funds to be held in UK regulated banks and financial institutions that are authorised by the Financial Conduct Authority. Funds may be invested for periods of between six weeks and three years provided that funds can be withdrawn before the investment term albeit with an interest penalty if required.

Principal Risks and Uncertainties

The Governors are responsible for overseeing the risks faced by the Academy. Detailed considerations of risk are delegated to the Senior Leadership Team of the School who maintain a risk register in which risks are identified and assessed, and controls established.

Through the risk management processes established for the Academy, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Academy's risk register is comprehensive and is regularly reviewed at management level and considered annually by the Governors. The principal risks and uncertainties that the Academy faces include the challenge of achieving the financial efficiencies required as a result of no increases to funding levels in conjunction with increased staffing costs and the extensive planned changes to Qualifications at both GCSE and A level. The

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Academy will make every effort to respond to changes whilst maintaining the highest quality of teaching and learning.

The Academy also faces risks from the various building and facilities improvement works that are currently being undertaken, and maintains comprehensive risk registers which are specific to those projects in which those risks are identified, assessed and controls established.

The main financial instrument of the Academy is cash and the financial risk management objective is to reduce cash flow risk by careful monitoring of the bank account and managing expenditure. Debtors are also closely monitored and steps taken to minimise the risk of non-payment.

Plans for Future Periods

The principal tasks ahead are (i) to maintain and build upon the excellent standards achieved and (ii) to develop the facilities such that they provide outstanding opportunities for all students.

The Academy is a highly over-subscribed, outstanding secondary school which provides a superb education for students in the local community. In line with recent national trends, there has been a significant increase in the demand for Year 7 places in parts of Hertfordshire, in particular St Albans and the surrounding areas. This is forecast by Hertfordshire County Council to increase further.

The Academy and County Council consider that it is important to ensure that there are sufficient places available for students at outstanding schools, as near as possible to their homes. The County Council has therefore asked the Academy to provide these additional places and in return will fund works to provide accommodation for those additional students.

The Academy believes that the enlargement will have a positive impact on its existing students, staff and the local community as it will improve access to school places and provide enhanced educational opportunities; on 7th October 2016 the Academy started a consultation with all those who could be affected by the enlargement of the Academy.

Having considered the responses to that consultation, in November 2016 the Governors approved the increase to the Academy's published admission numbers to 210 from September 2018, and a Funding Agreement will shortly be entered into with the County Council under which the County Council will fund the works to provide accommodation for those additional students.

Using the funding from the County Council, plans are currently underway for the construction of a new science block and various alterations to the existing buildings and an application for planning consent will be submitted for approval as soon as possible.

Given the success of the FAB Project (set out above), the Academy is confident that it will deliver high quality facilities within the allocated budget. Subject to the grant of planning consent, it is currently anticipated that work will commence by the middle of 2017 and be completed in early 2018.

In addition, the Academy has embarked upon an ambitious fundraising campaign known as the '80 in '18 Campaign'. The campaign's vision is to provide state-of-the-art facilities to enable an outstanding education into the future, and part of that is a new, multi-purpose hall and performing arts centre to be called the Beaumont Arts Centre. Work is already underway on the concept designs for the Beaumont Arts Centre.

Funds Held as Custodian Trustee on Behalf of Others

The Academy does not hold funds as a custodian trustee on behalf of others.

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GOVERNORS' REPORT (continued)
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Auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report, incorporating a strategic report, was approved by order of the Governors, as the company directors, on 13th December 2016 and signed on the board's behalf by:


.....
A N Hall
Chair of Governors

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Beaumont 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 Governors have delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Beaumont School and the Secretary of State for Education. They are also responsible for reporting to the Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Governors have formally met 7 times during the year. Attendance during the year at meetings of the Governors was as follows:

Governor	Meetings attended	Out of a possible
N R Armstrong (resigned 15 march 2016)	2	4
M J Atkinson, Deputy Head	7	7
B Austin (appointed 13 September 2016)	0	0
M R Cameron	7	7
C I Davies (appointed 11 September 2015)	7	7
A N Hall, Chair	6	7
H R Henry	6	7
E Hitch, Headteacher	7	7
C Hopkin	7	7
W I Johnston	6	7
G K Kellett	7	7
D A Lee	7	7
J McAlister	6	7
K Mirza (resigned 17 March 2016)	2	5
N S Moody (resigned 12 September 2016)	7	7
R Prindiville	4	7
L J Sherwood	6	7
V M Stewart (appointed 11 September 2015)	6	7
K M Trounson	4	7
A Wallis	6	7

The membership of the Governing Body has been stable throughout this financial year, and there have been no notable challenges that have arisen.

Review and self-evaluation of the Governing Body is conducted on a regular basis, and at least annually. It was most recently reviewed at the Governors' Extended (Strategy) Meeting on 24th February 2016 at which the Governing Body reviewed its performance based on the National Governors' Association "Twenty Key Questions" and also considered the Ofsted grade descriptors for "outstanding" and the School Inspection Handbook. The Governors agreed that the school (and Governing Body) remains outstanding against the appropriate grade descriptors.

Consideration is being given during the course of this academic year to further individual reflective self-assessment and feedback for Governors to further strengthen the management of the governing body and its effective contribution to the management and leadership of the Academy. The next formal review is planned for the next Extended meeting in March 2017.

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GOVERNANCE STATEMENT (continued)

The Resources Committee is a sub-committee of the main Governing Body. Its overall remit is to assist the decision-making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the school's finances and resources, including proper planning, monitoring and probity. The Resources Committee makes appropriate comments and recommendations on such matters to the Governing Body on a regular basis. Major issues are referred to the Full Governing Body for ratification.

During the period, Rena Prindiville, who is a Fellow of the Chartered Institute of Management Accountants, was a member of the Resources Committee (and its Chair) and Mike Cameron, who is an Associate Chartered Accountant, was also a member of the committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
R Prindiville	4	5
E Hitch	5	5
C Hopkin	3	5
M R Cameron	3	5
A Wallis	4	5
A N Hall	4	5
G K Kellett	5	5
W I Johnston	5	5
C I Davies	4	5
H R Henry	4	5
D A Lee	5	5
B Austin	0	0

The functions of the audit committee have been delegated to the Resources Committee under the Committee terms of reference agreed by the Governing Body.

Additionally, during the financial year 2015-16 there was a Community, Teaching and Learning Committee. There is also scope within the terms of reference agreed by the Governing Body to form ad hoc committees to discuss and make decisions on specific pertinent issues when required.

REVIEW OF VALUE FOR MONEY

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

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

- continuing to develop a collaborative approach in the delivery of courses at Key Stage 5 by working in close partnership with two other local secondary schools, which means that a wider range of course options can be delivered in a more cost-effective way;
- improved purchasing as a result of benchmarking and the robust challenge of spending decisions; and
- implementing a rigorous programme of curriculum review that has resulted in staffing efficiencies.

Whilst the Academy explores every opportunity to generate income through the hire of facilities, this remains an

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GOVERNANCE STATEMENT (continued)

area which is being targeted for further improvement, following completion of the current scheme of building and facility improvement works.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Beaumont School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governors have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governors.

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

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Hillier Hopkins LLP, the external auditor, to perform additional checks.

This supplementary programme of work undertaken by the external auditor includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular, the checks in the current period included:

- Systems and controls;
- Banking;
- Purchases;
- Pupil premium;
- Income;
- Payroll;
- Fixed Assets;
- Management reporting;
- VAT;

BEAUMONT SCHOOL
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GOVERNANCE STATEMENT (continued)

- Contracts register; and
- Procurement.

Twice per year the external auditor reports to the Governors, through the Resources Committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

This schedule of work was delivered as planned during the period and no material control issues have been identified as a result of this work.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the Governors on 13 December 2016 and signed on their behalf, by:


.....
A N Hall
Chair of Trustees


.....
E Hitch
Accounting Officer

BEAUMONT SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Beaumont School I have considered my responsibility to notify the academy Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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



.....
E Hitch
Accounting Officer

BEAUMONT SCHOOL
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governors on *15 December 2016* and signed on its behalf by:



.....
A N Hall
Chair of Governors

BEAUMONT SCHOOL
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BEAUMONT SCHOOL**

We have audited the financial statements of Beaumont School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

BEAUMONT SCHOOL
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BEAUMONT SCHOOL**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' report, incorporating the Strategic 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:

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



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *15th December 2016*

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

In accordance with the terms of our engagement letter dated 5 October 2012 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 Beaumont School during the year 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 Beaumont School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Beaumont 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 Beaumont School and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF BEAUMONT SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Beaumont School's funding agreement with the Secretary of State for Education dated 1 July 2012, 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 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

BEAUMONT SCHOOL
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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BEAUMONT SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

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

Hillier Hopkins LLP

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *15th December 2016*

BEAUMONT SCHOOL
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	55,709	-	6,613,094	6,668,803	1,166,632
Charitable activities	3	513,464	6,068,801	-	6,582,265	6,574,855
Other trading activities	4	74,001	-	-	74,001	54,557
Investments	5	1,379	-	-	1,379	1,331
TOTAL INCOME		644,553	6,068,801	6,613,094	13,326,448	7,797,375
EXPENDITURE ON:						
Raising funds	6	36,117	-	-	36,117	24,913
Charitable activities		461,140	6,154,015	357,309	6,972,464	6,995,081
TOTAL EXPENDITURE	9	497,257	6,154,015	357,309	7,008,581	7,019,994
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	147,296	(85,214)	6,255,785	6,317,867	777,381
		-	(6,948)	6,948	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		147,296	(92,162)	6,262,733	6,317,867	777,381
Actuarial losses on defined benefit pension schemes	22	-	(621,000)	-	(621,000)	(10,000)
NET MOVEMENT IN FUNDS		147,296	(713,162)	6,262,733	5,696,867	767,381
RECONCILIATION OF FUNDS:						
Total funds brought forward		629,069	(956,384)	19,654,949	19,327,634	18,560,253
TOTAL FUNDS CARRIED FORWARD		776,365	(1,669,546)	25,917,682	25,024,501	19,327,634

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REGISTERED NUMBER: 08104190

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		25,839,263		19,321,593
CURRENT ASSETS					
Debtors	16	2,132,633		611,638	
Cash at bank and in hand		442,451		1,473,044	
		<u>2,575,084</u>		<u>2,084,682</u>	
CREDITORS: amounts falling due within one year	17		<u>(1,691,846)</u>		<u>(1,053,641)</u>
NET CURRENT ASSETS			883,238		1,031,041
TOTAL ASSETS LESS CURRENT LIABILITIES			26,722,501		20,352,634
Defined benefit pension scheme liability	22		<u>(1,698,000)</u>		<u>(1,025,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			25,024,501		19,327,634
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	28,454		68,616	
Restricted fixed asset funds	18	25,917,682		19,654,949	
Restricted income funds excluding pension liability		25,946,136		19,723,565	
Pension reserve		<u>(1,698,000)</u>		<u>(1,025,000)</u>	
Total restricted income funds			24,248,136		18,698,565
Unrestricted income funds	18		<u>776,365</u>		<u>629,069</u>
TOTAL FUNDS			25,024,501		19,327,634

The financial statements were approved by the Governors, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:


 A N Hall
 Chair of Governors

The notes on pages 25 to 46 form part of these financial statements.

BEAUMONT SCHOOL
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(770,087)</u>	<u>214,513</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,379	1,331
Purchase of tangible fixed assets		(6,874,979)	(821,803)
Capital grants from DfE/EFA		196,758	599,818
Capital funding received from sponsors and others		<u>6,416,336</u>	<u>540,632</u>
Net cash (used in)/provided by investing activities		<u>(260,506)</u>	<u>319,978</u>
Change in cash and cash equivalents in the year		(1,030,593)	534,491
Cash and cash equivalents brought forward		<u>1,473,044</u>	<u>938,553</u>
Cash and cash equivalents carried forward	21	<u><u>442,451</u></u>	<u><u>1,473,044</u></u>

BEAUMONT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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.

Beaumont School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Beaumont 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 Beaumont 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 Governors 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 27.

1.2 Company status

The academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

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

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

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

BEAUMONT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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.

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

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

1.5 Expenditure

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

BEAUMONT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors 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..

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

Both the school and the caretaker's house are part of a long leasehold. The value of the school's leasehold has been included at depreciated replacement cost. The value of the caretaker's house leasehold has been included at existing use value.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property - buildings	-	2% straight line
Long-term leasehold property - land	-	over the length of the lease
Motor vehicles	-	20% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	33.3% straight line
IT infrastructure	-	20% straight line

Assets under construction are not depreciated as they are not yet in operational use.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

BEAUMONT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.14 Taxation

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

BEAUMONT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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 incorporating income and expenditure account 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

BEAUMONT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.16 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.

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

Critical areas of judgement:

Valuation of tangible fixed assets

Trustees have considered the value of tangible fixed assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The trustees have concluded that the valuation of the tangible fixed assets as at the year end are appropriate.

Depreciation and residual values

The trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

1.17 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The funds received and paid and any balances held are disclosed in note 26.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	55,709	-	-	55,709	38,612
Government Grants	-	-	6,613,094	6,613,094	1,128,020
Total donations and capital grants	55,709	-	6,613,094	6,668,803	1,166,632

In 2015, of the total income from donations and capital grants, £26,182 was to unrestricted funds and £1,140,450 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,871,389	5,871,389	5,795,553
Pupil Premium	-	84,476	84,476	71,385
Other DfE grants	-	1,705	1,705	704
	-	5,957,570	5,957,570	5,867,642
Other government grants				
SEN funding	-	58,042	58,042	43,873
Other government grants	-	36,749	36,749	95,719
	-	94,791	94,791	139,592
Other funding				
Trip income	370,448	-	370,448	417,594
Music income	71,745	-	71,745	63,258
Catering income	10,070	-	10,070	10,833
Exam fee income	18,109	-	18,109	11,889
Other income	43,092	16,440	59,532	64,047
	513,464	16,440	529,904	567,621
	513,464	6,068,801	6,582,265	6,574,855

In 2015, of the total income from charitable activities, £534,622 was to unrestricted funds and £6,040,233 was to restricted funds.

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Rental income	8,351	-	8,351	6,825
Community income	56,389	-	56,389	41,932
Staff consultancy services	9,261	-	9,261	5,800
	<u>74,001</u>	<u>-</u>	<u>74,001</u>	<u>54,557</u>

In 2015, of the total income from other trading activities, £54,557 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	1,379	-	1,379	1,331

In 2015, of the total investment income, £1,331 was to unrestricted funds and £ NIL was to restricted funds.

6. COSTS OF OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Trading activities expenditure	353	-	353	892
Trading activities staff costs	35,764	-	35,764	24,021
	<u>36,117</u>	<u>-</u>	<u>36,117</u>	<u>24,913</u>

In 2015, of the total voluntary income, £24,913 was to unrestricted funds and £ NIL was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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7. DIRECT COSTS

	Educational activities £	Total 2016 £	Total 2015 £
Teaching and educational supplies	180,484	180,484	163,451
Examination fees	121,738	121,738	127,038
Staff development	17,632	17,632	14,668
Educational consultancy	12,907	12,907	14,065
Music services	89,499	89,499	78,216
Trip expenditure	356,138	356,138	407,519
Other direct costs	26,387	26,387	25,416
Wages and salaries	3,661,690	3,661,690	3,783,287
National insurance	308,679	308,679	284,426
Pension cost	581,029	581,029	516,197
	<u>5,356,183</u>	<u>5,356,183</u>	<u>5,414,283</u>

In 2015, the academy incurred the following Direct costs:

£5,414,283 in respect of Educational activities

8. SUPPORT COSTS

	Educational activities £	Total 2016 £	As restated Total 2015 £
FRS102 pension cost (note 22)	38,000	38,000	36,000
Travel expenditure	5,769	5,769	5,852
Recruitment	14,665	14,665	19,143
Premises and equipment maintenance costs	101,548	101,548	108,954
Rent and rates	39,818	39,818	26,104
Catering costs	18,926	18,926	19,681
Technology costs	70,288	70,288	63,909
Insurance costs	45,613	45,613	45,829
Heat and light costs	94,499	94,499	94,079
Printing, postage and stationery	14,770	14,770	15,170
Cleaning and caretaking costs	112,141	112,141	112,904
Professional fees	16,502	16,502	25,454
Other support costs	80,670	80,670	77,087
Governance costs	13,449	13,449	18,882
Wages and salaries	462,653	462,653	442,500
National insurance	27,379	27,379	23,085
Pension cost	102,282	102,282	97,086
Depreciation	357,309	357,309	349,079
	<u>1,616,281</u>	<u>1,616,281</u>	<u>1,580,798</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the academy incurred the following Governance costs: £13449 (2015 - £18,882) included within the table above in respect of Educational activities.

In 2015, the academy incurred the following Support costs: £1,561,916 in respect of Educational activities.

9. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	35,764	-	353	36,117	24,913
Educational activities:					
Direct costs	4,551,398	-	804,785	5,356,183	5,414,283
Support costs	592,314	564,519	459,448	1,616,281	1,565,798
	<u>5,179,476</u>	<u>564,519</u>	<u>1,264,586</u>	<u>7,008,581</u>	<u>7,004,994</u>

In 2016, of the total expenditure, £13449 (2015 - £526,118) was to unrestricted funds and £6,511,638 (2015 - £6,478,876) was to restricted funds.

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	357,309	349,079
Auditor's remuneration - audit	6,950	6,750
Auditor's remuneration - other services	5,020	10,663
	<u>369,279</u>	<u>366,492</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,125,054	4,194,887
Social security costs	336,954	307,548
Operating costs of defined benefit pension schemes	686,544	615,147
	<u>5,148,552</u>	<u>5,117,582</u>
Supply teacher costs	30,924	53,020
	<u>5,179,476</u>	<u>5,170,602</u>

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

	2016 No.	2015 No.
Teachers	86	93
Administration and support	63	63
Management	7	8
	<u>156</u>	<u>164</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	2
In the band £90,001 - £100,000	1	1

Of the above employees, 2 (2015: 3) participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions for these staff amounted to £28,282 (2015: £33,326).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £695,085 (2015: £804,438).

12. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 6 Governors (2015 - 7) in respect of defined benefit pension schemes.

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One or more Governors have been paid remuneration or have received other benefits from an employment with the academy. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2016 £	2015 £
E Hitch	Remuneration	95,000-100,000	95,000-100,000
	Pension contributions paid	15,000-20,000	10,000-15,000
M J Atkinson, Deputy Head	Remuneration	70,000-75,000	70,000-75,000
	Pension contributions paid	10,000-15,000	5,000-10,000
N S Moody	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
C Hopkin	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	5,000-10,000	0-5,000
C I Davies	Remuneration	30,000-35,000	n/a
	Pension contributions paid	5,000-10,000	n/a
V M Stewart	Remuneration	10,000-15,000	n/a
	Pension contributions paid	0-5,000	n/a
H Doan*	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000
M Atkinson*	Remuneration	10,000-15,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000
J P Moody*	Remuneration	0-5,000	n/a
	Pension contributions paid	0-5,000	n/a
D Atkinson*	Remuneration	n/a	0-5,000
	Pension contributions paid	n/a	0-5,000
S Rolfe*	Remuneration	n/a	10,000-15,000
	Pension contributions paid	n/a	0-5,000
M H McCrorie	Remuneration	n/a	70,000-75,000
	Pension contributions paid	n/a	5,000-10,000
S J Jump	Remuneration	n/a	40,000-45,000
	Pension contributions paid	n/a	5,000-10,000

During the year, no Governors received any reimbursement of expenses (2015 - £NIL).

* Those employees indicated are related parties by virtue of being close relatives of Governors.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. GOVERNORS' 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 30 June 2016 was £911 (2015 - £911).

From July 2016, the academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

14. OTHER FINANCE INCOME

	2016 £	As restated 2015 £
Interest income on pension scheme assets	39,000	31,000
Interest on pension scheme liabilities	(77,000)	(67,000)
	(38,000)	(36,000)

15. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under constructio n £	Total £
Cost						
At 1 September 2015	19,146,672	6,388	142,309	321,264	774,222	20,390,855
Additions	508,679	-	96,844	89,634	6,179,822	6,874,979
Transfer between classes	372,298	-	1,815	-	(374,113)	-
At 31 August 2016	20,027,649	6,388	240,968	410,898	6,579,931	27,265,834
Depreciation						
At 1 September 2015	831,973	4,760	41,137	191,392	-	1,069,262
Charge for the year	285,395	1,503	19,393	51,018	-	357,309
At 31 August 2016	1,117,368	6,263	60,530	242,410	-	1,426,571
Net book value						
At 31 August 2016	18,910,281	125	180,438	168,488	6,579,931	25,839,263
At 31 August 2015	18,314,699	1,628	101,172	129,872	774,222	19,321,593

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16. DEBTORS

	2016 £	2015 £
Trade debtors	1,344,992	210,344
Prepayments and accrued income	452,518	286,332
VAT recoverable	335,123	114,962
	2,132,633	611,638

17. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,095,529	784,739
Other taxation and social security	90,387	85,635
Other creditors	99,769	86,910
Accruals and deferred income	406,161	96,357
	1,691,846	1,053,641
	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	80,437	104,507
Resources deferred during the year	104,539	80,437
Amounts released from previous years	(80,437)	(104,507)
Deferred income at 31 August 2016	104,539	80,437

At the balance sheet date the academy trust was holding funds received in advance for trips booked for the 2016/17 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	629,069	644,553	(497,257)	-	-	776,365
Restricted funds						
General Annual Grant (GAG)	50,802	5,871,389	(5,898,603)	(6,948)	-	16,640
Pupil Premium	-	84,476	(84,476)	-	-	-
SEN funding	-	58,042	(58,042)	-	-	-
Other DfE grants	11,814	1,705	(1,705)	-	-	11,814
Other government grants	6,000	36,749	(42,749)	-	-	-
Other Restricted Income	-	16,440	(16,440)	-	-	-
Pension reserve	(1,025,000)	-	(52,000)	-	(621,000)	(1,698,000)
	<u>(956,384)</u>	<u>6,068,801</u>	<u>(6,154,015)</u>	<u>(6,948)</u>	<u>(621,000)</u>	<u>(1,669,546)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	19,321,594	-	(357,309)	6,874,978	-	25,839,263
EFA capital grants	333,355	196,758	-	(451,694)	-	78,419
HCC capital grants	-	6,416,336	-	(6,416,336)	-	-
	<u>19,654,949</u>	<u>6,613,094</u>	<u>(357,309)</u>	<u>6,948</u>	<u>-</u>	<u>25,917,682</u>
Total restricted funds	<u>18,698,565</u>	<u>12,681,895</u>	<u>(6,511,324)</u>	<u>-</u>	<u>(621,000)</u>	<u>24,248,136</u>
Total of funds	<u><u>19,327,634</u></u>	<u><u>13,326,448</u></u>	<u><u>(7,008,581)</u></u>	<u><u>-</u></u>	<u><u>(621,000)</u></u>	<u><u>25,024,501</u></u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy that has been provided via the Education Funding Agency (EFA) by the Department for Education. The GAG fund must be used for the normal running costs of the Academy.

Pupil Premium is a grant allocated to academies with pupils that are known to be eligible for free school meals. The purpose is to raise attainment for pupils from low income families.

SEN funding is a grant allocated to academies for pupils with special educational needs.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion and future GAG funding agreed

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18. STATEMENT OF FUNDS (continued)

by the EFA is expected to be sufficient to take the fund back into surplus.

The restricted fixed asset fund includes all significant items of fixed assets. Depreciation charged on the assets is allocated to the fund. The transfer of GAG funds to the fixed asset reserve fund represents the spending of GAG monies for fixed asset additions.

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	25,839,263	25,839,263	19,321,593
Current assets	880,904	1,615,761	78,419	2,575,084	2,084,682
Creditors due within one year	(104,539)	(1,587,307)	-	(1,691,846)	(1,053,641)
Provisions for liabilities and charges	-	(1,698,000)	-	(1,698,000)	(1,025,000)
	<u>776,365</u>	<u>(1,669,546)</u>	<u>25,917,682</u>	<u>25,024,501</u>	<u>19,327,634</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	As restated 2015 £
Net income for the year (as per Statement of financial activities)	6,317,867	777,381
Adjustment for:		
Depreciation charges	357,309	349,079
Dividends, interest and rents from investments	(1,379)	(1,331)
Increase in debtors	(1,520,993)	(432,723)
Increase in creditors	638,203	613,557
Capital grants from DfE and other capital income	(6,613,094)	(1,140,450)
Defined benefit pension scheme cost less contributions payable	52,000	49,000
Net cash (used in)/provided by operating activities	<u>(770,087)</u>	<u>214,513</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	<u>442,451</u>	<u>1,473,044</u>
Total	<u><u>442,451</u></u>	<u><u>1,473,044</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS

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

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 £80,309 were payable to the schemes at 31 August 2016 (2015 - 75,826) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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 £516,357 (2015 - £454,090).

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £193,000 (2015 - £183,000), of which employer's contributions totalled £156,000 (2015 - £148,000) and employees' contributions totalled £37,000 (2015 - £35,000). The agreed contribution rates for future years are 25.3% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.60 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.7

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	829,080	<i>602,020</i>
Debt instruments	368,480	<i>262,170</i>
Property	92,120	<i>67,970</i>
Cash	26,320	<i>38,840</i>
	<hr/>	<hr/>
Total market value of assets	1,316,000	<i>971,000</i>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £167,000 (2015 - £40,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	<i>2015 £</i>
Current service cost	(170,000)	<i>(161,000)</i>
Net interest cost	(38,000)	<i>(36,000)</i>
	<hr/>	<hr/>
Total	(208,000)	<i>(197,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	1,996,000	<i>1,724,000</i>
Current service cost	170,000	<i>161,000</i>
Interest cost	77,000	<i>67,000</i>
Contributions by employees	37,000	<i>35,000</i>
Changes in financial assumptions	749,000	<i>19,000</i>
Benefits paid	(15,000)	<i>(10,000)</i>
	<hr/>	<hr/>
Closing defined benefit obligation	3,014,000	<i>1,996,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	971,000	758,000
Interest income	39,000	31,000
Return on assets (excluding amounts included in net interest)	128,000	9,000
Contributions by employer	156,000	148,000
Contributions by employees	37,000	35,000
Benefits paid	(15,000)	(10,000)
	<u>1,316,000</u>	<u>971,000</u>
Closing fair value of scheme assets	<u><u>1,316,000</u></u>	<u><u>971,000</u></u>

23. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	10,878	18,993
Between 1 and 5 years	5,426	16,304
	<u>16,304</u>	<u>35,297</u>
Total	<u><u>16,304</u></u>	<u><u>35,297</u></u>

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

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

Details of related party transactions in the period have been detailed in note 12.

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26. 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 £12,561 (2015: £10,616) and disbursed £3,602 (2015: £Nil) from the fund. The trust used 5% of the income £628 (2015: £531) towards the cost of administering the fund. An amount of £18,416 (2015: £10,085) is included in other creditors relating to undistributed funds that is repayable to EFA.

27. FIRST TIME ADOPTION OF 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 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

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.

RECONCILIATION OF TOTAL FUNDS	Notes	<i>1 September 2014</i> £	<i>31 August 2015</i> £
Total funds under previous UK GAAP		18,560,253	19,327,634
Total funds reported under FRS 102		<u>18,560,253</u>	<u>19,327,634</u>

Reconciliation of net income	Notes	<i>31 August 2015</i> £
Net income previously reported under UK GAAP		792,381
Change in recognition of LGPS interest cost	A	<u>(15,000)</u>
Net movement in funds reported under FRS 102		<u>777,381</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability either at 1 September 2014 or 31 August 2015. The effect of the change has been the debit to expense by £15,000 and decrease the debit in other recognised gains and losses in the SOFA by the equivalent amount.

28. CONTROLLING PARTY

In the opinion of the governors there is no ultimate controlling party.