

The University of Birmingham School
(A Company Limited by Guarantee)

Annual report and financial statements

Registered number 7960887

For the year ended 31 August 2015

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Reference and Administrative Details

Members	The University of Birmingham Professor Michael Clarke Dr Christopher Banks
Governors	Professor Michael Clarke, Chairman Professor James Arthur Dr Christopher Banks Mr Lee Sanders Professor Saul Becker Ms Caroline Hoddinott Mr Joey Islam Ms Smita Jamdar
Company Secretary	Mrs Alexandra Parish
Senior Management Team	
Principal	Mr Michael Roden
Vice-Principal	Ms Frances Child
Interim Director of Operations	Mrs Alexandra Parish
Principal and Registered Office	The University of Birmingham School 12 Weoley Park Road Selly Oak Birmingham England B29 6QU
Company Registration Number	7960887
Independent Auditor	Deloitte LLP 1 Woodborough Road Nottingham NG1 3FG
Bankers	Lloyds TSB University of Birmingham Branch 142 Edgbaston Park Road Birmingham B15 2TY
Solicitors	Legal Services The University of Birmingham Edgbaston Birmingham B15 2TT

Trustees' Report

The governors who are also Trustees and Directors of the University of Birmingham School ('the School'), present their third annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2014 to 31 August 2015. The Trustees' report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The University of Birmingham School is an all ability inclusive (comprehensive) school for children who are of compulsory school age (ages 11-16) recruited from four admission nodes across the city, and an academically selective Sixth Form open to students from across Birmingham and its surrounding communities. The School opened on 10 September 2015 and is the first secondary University Training School in the UK. It had an initial intake of 150 pupils in Year 7 and 185 in the Sixth Form, and will grow to its full capacity of 1,150 pupils in 2019-20.

Structure, Governance and Management

Constitution

The School is an Academy Trust, a company limited by guarantee and an exempt charity. The Charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of the University of Birmingham School are also the Directors of the charitable company for the purposes of company law. The charitable company and the Academy Trust is known as The University of Birmingham School.

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

Members' Liability

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

Method of Recruitment and Appointment or Election of Trustees, Governors and Directors

There are currently eight Governors, who also act as Trustees and Directors, all of whom have been appointed by the Members. This will increase over the next year once the School opens, up to a maximum of 18. Of these:

- a. ten will be "University nominated" Governors, appointed by the Members;
- b. two will be Staff Governors, appointed through a process determined by the Members;
- c. two will be Parent Governors, elected by parents;
- d. the Principal will be an ex-officio Governor if he chooses to be a Governor; and
- e. there may be up to three Co-opted Governors, appointed by the other Governors.

The Members are obliged by the School's Articles to ensure that the majority of School Governors are nominees of the University of Birmingham.

Policies and Procedures for Induction and Training of Trustees

All Governors are provided with the policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Governors. Specific induction and training will be provided for Governors during 2015-16, covering all of their roles and responsibilities, now that the School is open. This is particularly important in the early days of the School to ensure that there is clarity about the vision, ethos, strategic direction and success of the School.

Organisational Structure

During 2014-15, due to the start up nature of the School, the Governing Body met every six weeks to two months. The remit of the Governors is to ensure clarity of vision, ethos and strategic direction, to hold the Principal to account for the educational performance of the School and its pupils, and to oversee the financial performance of the School and making sure its money is well spent. In 2015-16, the Governing Body will move to termly meetings, supported by a series of sub-committees with delegated decision making responsibilities.

The role of the Principal is to implement the strategic function as devised by the Governing Body and to lead and manage the day to day development of the school in advance of opening. The Principal is also designated as the Accounting Officer and is responsible for the financial and administrative matters of the School.

Trustees' Report (continued)

Structure, Governance and Management (continued)

Organisational Structure (continued)

During the year, the Principal was supported by a small team in opening of the School, including the Interim Director of Operations, the PA to the Head, and the Facilities Manager (from May 2015). Support was also provided by a fixed term internal University working group specifically established to help open the School successfully. The University also provided a dedicated HR Advisor to support with the recruitment of staff from December 2014 to July 2015, as well as Project Managers to lead the capital build and IT implementation.

The School's senior leadership team was appointed during the year. Frances Child, Director of Teaching and Learning, started in April 2015, with a 50% secondment to the University's School of Education, to lead on school-based Initial Teacher Education. Rebecca Tigue, Senior Vice Principal, and Kate Campbell, Assistant Vice Principal, will start on 1 September 2015, alongside the School's first subject leaders, teachers and professional services staff.

Related Parties and other Connected Charities Organisations

The School is connected to The University of Birmingham by virtue of the University's role as the founding Member of the charitable company, the provision of services and the granting of a lease to occupy the site on which the School will be built. The charitable company functions as a subsidiary of the University. The School team was also located within the University's School of Education building, whilst the new school building was under construction.

Objectives and Activities

Objects and Aims

The principal objective and activity of the School, as set out in its memorandum and articles, is to establish and manage a school with a broad and balanced curriculum. It also provides for Initial Teacher Training and further advanced training for qualified teachers, including but not limited to masters level programmes.

Objectives, Strategies, Activities and Public Benefit

The vision of the University of Birmingham School is to create a learning community that will transform lives by raising the aspirations of a very diverse student population and therefore maximise students' personal and academic achievement so that they can fulfill their potential and access the widest possible range of opportunities.

The University of Birmingham School's unapologetic focus on personal and academic achievement, and ultimately success in achieving entry to higher education, is derived from its link to the University of Birmingham.

Aspiration and progression to higher education is a key and proven route to social mobility and this School seeks to help all of its students to raise their aspirations and achievement. It does this by offering students a curriculum based on traditional academic subjects and by supporting their development as well-rounded people of strong character, all benefitting from an excellent location, a diverse and comprehensive student body, and access to world-class facilities through the University.

In addition, its status as the first secondary University Training School and the excellence of its teachers and professional services staff will allow the University of Birmingham to approach the task of raising aspirations and achievement in an exciting and ground-breaking way. Following the model of teaching hospitals, the presence of trainee teachers working closely alongside experienced, highly qualified and outstanding practitioners will increase further the resources to support students.

The Sixth Form is the crucial link between the 11-16 school and higher education; it plays a number of key roles:

- Its presence involves the University Departments at the outset, facilitating collaboration between the University and the School, attracting the best staff and supporting the development of school-led and work-based approach to initial and on-going teacher education and training.
- It also provides the aspiration for achievement and progression for younger pupils from the outset, as advancement to post-16 academically challenging education will be seen as the norm.

Trustees' Report (continued)

Objectives and Activities (continued)

Objectives, Strategies, Activities and Public Benefit (continued)

The School is characterised by:

- An overarching framework of Character Education which will build students' confidence, resilience and personal qualities so that they are able to become self-organised and motivated learners able to make the most of their curriculum opportunities, and;
- A traditional academic subject-based curriculum which will use a carefully formulated blend of content and process to help students attain the highest possible outcomes.

This approach is shaped by our belief that maximising a student's potential is not just about giving them knowledge, but about shaping the whole person, including their personal capabilities and character through enrichment activities, a thoughtful and engaged system of pastoral care, and a community including older students, teachers, trainee teachers, and mentors and coaches drawn from the University's own students and staff.

This focus on Character Education and the development of personal qualities or virtues will ensure the School fulfils the requirements of its funding agreement to promote 'British values of democracy, the rule of law, individual liberty and mutual respect and tolerance of those with different faiths and beliefs'.

In pursuing the School's vision and ethos, and its strategic direction, the Trustees have complied with their duty to have due regard to the guidance on public benefit.

Strategic Report

Achievements and Performance

In order to successfully open and fulfill those objectives, the School was engaged in the following activities during the pre-opening year in 2014-15:

- working with the University's Project Manager and contractors, Wilmott Dixon, to develop and complete the capital programme on time and on budget;
- securing the School's Funding Agreement with the Secretary of State for Education, and gaining the required approvals from the Department for Education and OFSTED prior to opening;
- establishing a pay policy and staff structure, before recruiting a total of 35 staff as Senior Leaders, Subject Leaders, Teachers and Professional Services to start in September 2015;
- recruiting pupils through a series of open events and targeted marketing, resulting in 1,257 applications for 150 places in year 7 and 950 for the 200 places in Year 12;
- developing the curriculum, timetable, schemes of work, and Personal Learning and Development programme;
- procuring and implementing the School's ICT, catering, and uniform services, as well as procuring teaching and learning resources, and loose equipment, not included within the capital programme; and
- developing all the necessary policies and procedures for operating the School.

Key Performance Indicators and Plans for Future Periods

Now that the School is open, a full School Establishment Plan is in place which sets out the Key Performance Indicators for the School. This includes but is not limited to the first AS Level results, pupil attendance, pupil progress in Year 7 and Year 12, the quality of Teaching and Learning, and the implementation of the School's Personal Learning and Development Programme. This will be adopted by Governors in December 2015 and monitored throughout the year.

Going concern

After making appropriate enquiries, the Governors have a reasonable expectation that the School has adequate resources to make the final contractual payments relating to the capital programme and to operate as a new School in its first year. For this reason, the adoption of the going concern basis in preparing the financial statements is appropriate.

Trustees' Report (continued)

Strategic Report (continued)

Financial Review

During the period of accounts, the School has been in the pre-opening start up phase. The majority of its funds have been spent on the small staff team, including the Principal, recruitment costs for the Senior Leadership, Teaching and Professional Services staff, marketing and outreach, curriculum development, and a significant proportion of the costs for the capital build of the School.

All the start up grant of £300,000 from the Department for Education was spent in 2013-14 and a further £275,000 from the University of Birmingham will be spent in advance of the School opening in 2015. The School received £15m of £20m committed by the Educational Funding Agency and £2m of £2.6m committed by the University for the capital costs of the building.

Reserves Policy

Reserves are classified as either restricted or unrestricted. The restricted funds include the start up grant from the Department for Education. Unrestricted reserves represent any surplus funds on activities where there is no restrictions on their use. These funds will be carried forward without limit. It is not foreseen that there will be material unrestricted funds during the first year of the School.

Investment Policy

Revenue funding was received for the pre-opening phase in advance and was held in the School's current account until needed. Capital funding was provided on the basis of claims to the Educational Funding Agency. Once the School is open, payments will be made on a monthly basis in accordance with a schedule provided by the Educational Funding Agency.

Principal Risks and Uncertainties

Governors have identified the following principal risks and uncertainties facing the School:

- Financial - the School has successfully managed the tight pre-opening budget, as well as the significant additional funds in relation to the build project. Controlling cash flow, as well as overall costs and value for money, will continue to be critical in the first year and beyond when the School is operating with a limited budget due to its small size and experiencing uncertainty in relation to income and expenditure, including pupil-led income (e.g. deprivation funding) and the running costs of the building.
- Staff development and recruitment - following the successful appointment of the Senior Leaders, Subject Leaders, Teachers and Professional Services, the School needs to ensure that all staff have the appropriate support and training to deliver successfully in the new organisation. Over the year, there is also need to recruit and plan for the induction of the next cohort of staff who will start in September 2016, as the School doubles in size.
- Admissions - as the first school of its kind, it offers a unique educational experience for potential pupils. However, as a new organisation with a new community to build and without an established track record, it is also a risk for families. The market is particularly competitive for the Sixth Form who account for a significant proportion of the students in the early years. Clear communication and marketing will be essential to secure sufficient pupils and students for future years.
- Governance - the Governing Body will itself need to extend in number, integrating the staff and parent Governors. It will also need to liaise with the Principal on the effective implementation of policies and procedures over the first year as the new school community is established to ensure the School is fulfilling its vision and objectives.
- Education - as the new School community builds, the Senior Leadership and Teaching Staff need to ensure that all pupils and students settle in to School life and make at least the progress that they would be expected to make. Effective use of data and strong pastoral care from tutors and senior leaders will help to achieve this.

Trustees' Report (continued)

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

- Operations and Building Management - the School will continue to work with the contractors and University Estates to complete outstanding works and monitor emergent defects as they arise. It is also required to implement operational procedures for managing the building and ensuring compliance, which may be disproportionate in cost & time to the size of the team and the School's budget in the opening year.

Governors have oversight of all of the current activity and will continue to monitor and identify where additional mitigation of risks may be necessary.

Auditor

In so far as the governors are aware:

- There is no relevant audit information of which the company's auditor is unaware; and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Deloitte LLP have been appointed as auditors of the Company under Section 485 of the Companies Act 2006.

Approved by order of the Board of Governors on 10 December 2015 and signed on its behalf by:

Professor Michael Clarke
Chair of Governors

Governance Statement

The information on governance included here supplements that described in the Statement of Trustees' Responsibilities.

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees Responsibilities. The Board of Governors has formally met 8 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Professor Michael Clarke, Chairman	(8/8)
Professor James Arthur	(5/8)
Dr Christopher Banks	(7/8)
Professor Saul Becker (appointed September 2014)	(6/8)
Mr Lee Sanders	(6/8)
Ms Caroline Hoddinott (appointed April 2015)	(2/3)
Mr Joey Islam (appointed May 2015)	(1/1)
Ms Smita Jamdar (appointed May 2015)	(1/2)
Professor Kathleen Armour (resigned May 2015)	(1/6)

During the period of the accounts, there were changes in the composition of the Governing Body and the Academy Trust. Professor Saul Becker was appointed to the Governing Body and Caroline Hoddinott, Smita Jamdar, and Joey Islam were appointed after a skills audit and external search was carried out in early 2015. Professor Kathleen Armour resigned as her term on University Council came to an end. The University of Birmingham made two additional Member appointments for the roles of Provost (currently held by Professor Adam Tickell) and Deputy Pro Chancellor (currently held by Richard Haywood).

During 2015-16, the Governing Body will undergo a period of development as the new School establishes itself. This will include the election of Staff and Parent Governors, the establishment of the sub-committees and a full training programme to cover all aspects of the School's operating and management policies based on a review of the skills and competencies required. A review of the effectiveness of the Board of Governors will be undertaken at the end of the year.

Review of Value for Money

As accounting officer, the Principal has responsibility for ensuring that the School 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 School's use of its resources has provided good value for money, and will report to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. In the pre-opening phase, the accounting officer for the School has delivered improved value for money during the year by:

- Undertaking a secondary competition via the Educational Funding Agency to award a five year IT contract to CSE Education Services.
- Agreeing robust procurement procedures in advance of establishing contracts and purchasing equipment, taking account of the guidelines for Academies and for the University.
- Securing good value for parents by undertaking a competitive tender process to appoint a single uniform supplier, Gogna Schoolwear, and the School's caterer, Alliance in Partnership. As the latter contract was above the EU threshold, a secondary competition was undertaken via ESPO.

Governance Statement (continued)

Review of Value for Money (continued)

- Inviting competitive quotations from suppliers before purchasing loose equipment for laboratories, music, PE, Art and Design Technology. In total, submissions from 21 different suppliers were evaluated before orders placed for the new School year (2015-16).
- Agreeing goods and services to be provided post-opening from existing frameworks, both within the University and externally. This includes stationery, office supplies, energy, waste and recycling, insurance, and some maintenance contracts.
- Developing a Service Level Agreement with the University of Birmingham to purchase services at cost where staff are already on site e.g. security, cleaning, maintenance and grounds and gardens. The Governors have agreed that this SLA will be reviewed on an annual basis and services will be tendered competitively as the School grows to full capacity and develops economies of scale.

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. Prior to the School opening the system of internal control is on an on-going process designed to identify and prioritise the risks to the achievement of the School's 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 developed in the period as the operations have begun. This development phase is expected to continue as the School opens as the necessary framework and procedures will change over that time.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

The School's system of internal control is appropriate for the number and scale of transactions in the start up phase. In particular it includes:

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governors;
- regular reviews by Governors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- following The University of Birmingham defined purchasing guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

An internal audit was undertaken by the University of Birmingham on behalf of the School in July 2015. No material issues were raised and an action plan has been agreed. The Governors are now considering the longer term need for internal audit and how best to manage this process. This will be agreed in early 2016.

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

- the work of the external auditor;
- the financial management and governance risk assessment undertaken for the School's Pre-Opening approval;
- the internal audit undertaken by the University of Birmingham;
- the work of the Director of Operations who has 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 system of internal control by the University and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Governance Statement (continued)

Approved by order of the Members of the Board of Trustees on 10 December 2015 and signed on its behalf by:

Professor Michael Clarke
Chair of Governors

Mr Michael Roden
Principal

Statement on Regularity

As Accounting Officer of the University of Birmingham School, I have considered my responsibility to notify the Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the School 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.

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

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

Signed

Mr Michael Roden
Principal

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of The University of Birmingham School and are also Directors of the charitable company for the purposes of company law) are responsible for preparing the Governors Report and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Members of the Board of Trustees on 10 December 2015 and signed on its behalf by:

Signed

Professor Michael Clarke
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE UNIVERSITY OF BIRMINGHAM SCHOOL

We have audited the financial statements of The University of Birmingham School for the year ended 31 August 2015 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies: Accounts Direction 2015 issued by the Education Funding Agency (EFA).

This report is made solely to the Academy Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust'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 Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 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 the Academies: Accounts Direction 2015 issued by the EFA; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006 and the Academies: Accounts Direction 2015 issued by the EFA

In our opinion the information given in the Trustees' Report and Governance Statement 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 by the Academy Trust or returns adequate for our audit have not been received from branches not visited by us; or
- the Academy Trust's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Hall, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom
Date:

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MEMBERS OF THE UNIVERSITY OF BIRMINGHAM SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The University of Birmingham School during the period 1 September 2014 to 31 August 2015 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 The University of Birmingham School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The University of Birmingham 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 The University of Birmingham School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The University of Birmingham School Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The University of Birmingham School funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purpose 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 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 2014 to 2015 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 Trust's income and expenditure. We have undertaken work in line with the guidance issued by the ICAEW in the Technical release TECH08/12AAF "Regularity reporting for academies 2011-12: guidance".

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

Statement of Financial Activities

for the year ended 31st August 2015

	Note	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 £'000	Total 2014 18 Months £'000
Incoming Resources					
<i>Incoming resources from charitable activities:</i>					
Funding for the School's educational operations	2	275	16,808	17,083	5,512
<i>Incoming resources from generated funds:</i>					
Voluntary income		30	-	30	10
Total Incoming Resources		<u>305</u>	<u>16,808</u>	<u>17,113</u>	<u>5,522</u>
Resources Expended					
<i>Charitable activities:</i>					
School educational operations	4	354	-	354	133
<i>Governance costs</i>	5	10	-	10	21
Total Resources Expended		<u>364</u>	<u>-</u>	<u>364</u>	<u>154</u>
Net (Expenditure)/Income for the year		<u>(59)</u>	<u>16,808</u>	<u>16,749</u>	<u>5,368</u>
Net movement in Funds		<u>(59)</u>	<u>16,808</u>	<u>16,749</u>	<u>5,368</u>
Reconciliation of Funds					
Total Funds on 1 September		66	5,337	5,403	35
Total Funds carried forward at 31 August		<u>7</u>	<u>22,145</u>	<u>22,152</u>	<u>5,403</u>

All amounts relate to continuing start up activities.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance Sheet

as at 31st August 2015

	<i>Note</i>	2015 £'000	2014 £'000
Fixed Assets	8	20,747	5,337
Current Assets			
Debtors	9	3,105	560
Cash at bank and in hand		3,200	3,749
		<hr/>	<hr/>
		6,305	4,309
Liabilities			
Creditors : Amounts falling due within one year	10	(4,900)	(4,243)
		<hr/>	<hr/>
Net Current Assets		1,405	66
		<hr/>	<hr/>
Net Assets		22,152	5,403
		<hr/> <hr/>	<hr/> <hr/>
Funds of the Academy Trust:			
Restricted Income Funds			
Fixed asset fund		22,145	5,337
General fund		7	66
		<hr/>	<hr/>
Total Restricted Funds		22,152	5,403
		<hr/>	<hr/>
Total Funds	11	22,152	5,403
		<hr/> <hr/>	<hr/> <hr/>

These financial statements on pages 9 to 17 were approved by the governors, and authorised for issue on 10 December 2015 and are signed on their behalf by:

Signed

Professor Michael Clarke
Chair of Governors

Cash Flow Statement

for the year ended 31st August 2015

	<i>Note</i>	2015 £'000	2014 £'000
Net Cash Outflow from Operating Activities	<i>13</i>	(2)	(376)
Capital Expenditure	<i>14</i>	(547)	4,058
(Decrease)/Increase in Cash in the Year	<i>15</i>	<u>(549)</u>	<u>3,682</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

Net Funds at 1 September		3,749	67
(Decrease)/Increase in Cash in the Year	<i>15</i>	(549)	3,682
Net Funds at 31 August		<u>3,200</u>	<u>3,749</u>

Notes to the Financial Statements

1 Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005') and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The Governors assess whether the use of the going concern principle 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 School to continue as a going concern. The Governors make this assessment in respect of the foreseeable future being at least 12 months from the date of signing these accounts.

After making appropriate enquiries, the Governors have a reasonable expectation that the School has adequate resources to make the final contractual payments relating to the capital programme and to operate as a new School in its first year. For this reason, the adoption of the going concern basis in preparing the financial statements is appropriate.

Incoming Resources

All incoming resources are recognised when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- Grants Receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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.

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

- Sponsorship income

Sponsorship income provided to the school which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable, where there is certainty of receipt and it is measurable.

- Donations

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

Resources Expended

All expenditure is recognised in the year in which a liability is incurred and has been classified under headings that aggregate all costs related to that category.

- Charitable Activities

These are costs incurred on the Schools educational and start up operations.

- Governance Costs

These include the costs attributable to the Schools compliance with constitutional and statutory requirements, including

All resources expended are inclusive of VAT.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

Taxation

The School 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 School 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.

Fund Accounting

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

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

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

2 Funding for the Academy Trust's Educational Operations

	Restricted Funds £'000	Restricted Capital Funds £'000	2015 £'000	2014 £'000
Department of Education Grants:				
Start Up Grants	-	-	-	175
Capital Fund	-	14,838	14,838	5,337
The University of Birmingham Grants:				
Revenue Grants	275		275	-
Capital Fund	-	1,970	1,970	-
	<u>275</u>	<u>16,808</u>	<u>17,083</u>	<u>5,512</u>

3 Resources Expended

	Non Pay Expenditure Other £'000	2015 £'000	2014 £'000
Academy's Educational Operations:			
Direct costs	301	301	49
Allocated Support costs	50	50	84
	<u>351</u>	<u>351</u>	<u>133</u>
Governance costs including Allocated Support costs	13	13	21

Registered number 7960887

Notes to the Financial Statements (continued)

4 Charitable Activities - Academy's Educational Operations

	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Direct Costs			
Teaching & Educational Support Staff costs	276	276	46
Educational Consultancy	5	5	1
Staff Development	2	2	1
Other Direct costs	18	18	1
	<u>301</u>	<u>301</u>	<u>49</u>
Allocated Support Costs			
Recruitment and Support	35	35	27
Other Support costs	18	18	57
	<u>53</u>	<u>53</u>	<u>84</u>
Total Direct and Support Costs	<u>354</u>	<u>354</u>	<u>133</u>

5 Governance Costs

	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Legal and Professional Fees	1	1	10
Auditor's Remuneration:			
Audit of Financial Statements	8	8	6
Other Non Audit Fees	1	1	5
	<u>10</u>	<u>10</u>	<u>21</u>

6 Staff Costs

	Total 2015 £'000	Total 2014 £'000
Wages and Salaries	226	46
Social Security costs	21	-
Pension costs	29	-
	<u>276</u>	<u>46</u>
Supply Teacher costs	-	-
Compensation Payments	-	-
	<u>276</u>	<u>46</u>

7 Trustees' Remuneration

There were no payments or expenses made to Trustees during the year (2014:Nil).

Notes to the Financial Statements (continued)

8 Tangible Fixed Assets

	Assets in the course of Construction £'000	Total £'000
Cost		
At 1 September 2014	5,337	5,337
Additions	15,410	15,410
At 31 August 2015	<u>20,747</u>	<u>20,747</u>
Accumulated Depreciation		
At 1 September 2014	-	-
Depreciation for Year	-	-
At 31 August 2015	<u>-</u>	<u>-</u>
Net Book Value		
At 31 August 2015	<u>20,747</u>	<u>20,747</u>
At 31 August 2014	<u>5,337</u>	<u>5,337</u>

9 Debtors

	Total 2015 £'000	Total 2014 £'000
VAT Recoverable	150	150
Other Debtors	2,955	410
	<u>3,105</u>	<u>560</u>

10 Creditors : Amounts falling due within one year

	Total 2015 £'000	Total 2014 £'000
Amount owed to Parent undertaking	4,657	4,058
VAT Payable	150	150
Accruals and Deferred Income	93	35
	<u>4,900</u>	<u>4,243</u>

11 Funds

	Balance at 31 August 2014 £'000	Incoming Resources 2015 £'000	Resources Expended 2015 £'000	Balance at 31 August 2015 £'000
Restricted General Funds				
Start Up Grant	66	-	(66)	-
UoB Revenue Grant	-	305	(298)	7
Fixed Asset	5,337	16,808	-	22,145
Total Restricted Funds	<u>5,403</u>	<u>17,113</u>	<u>(364)</u>	<u>22,152</u>

The funds are to be applied for the start up costs of the School.

Notes (continued)

12 Analysis of Net Assets between Funds

Fund Balances at 31 August 2015 are represented by:

	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 Funds £'000	Total 2014 Funds £'000
Fixed Assets	-	20,747	20,747	5,337
Current Assets	6,305	-	6,305	4,309
Current Liabilities	(4,900)	-	(4,900)	(4,243)
Total Restricted Funds	1,405	20,747	22,152	5,403

13 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	Total 2015 £'000	Total 2014 £'000
Net Income	16,749	5,368
Capital Grants	(16,808)	(5,337)
Increase in Debtors	-	(560)
Increase in Creditors	57	153
Net Cash Outflow from Operating Activities	(2)	(376)

14 Capital Expenditure

	Total 2015 £'000	Total 2014 £'000
Purchase of Tangible Fixed Assets	(14,811)	(1,279)
Capital Grants from DfE/EFA	14,264	5,337
Net Cash Outflow from Capital Expenditure	(547)	4,058

15 Analysis of Changes in Net Funds

	At 1 September 2014 £'000	Cash flows £'000	At 31 August 2015 £'000	At 31 August 2014 £'000
Cash in hand and at bank	3,749	(549)	3,200	3,749

16 Commitments

a) Capital Commitments

	Total 2015 £'000	Total 2014 £'000
Contracted but not provided for in the financial statements	211,183	15,677

17 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 or she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities before he or she ceases to be a member.

18 Related Party Transactions

The following related party transactions took place in the year:

The University of Birmingham, a member of the company, provided a capital grant of £1,970k and revenue grant of £275k to the Company during the year.

Notes (continued)

19 Ultimate Parent Undertaking

The company is a wholly owned subsidiary of the University of Birmingham. The largest and smallest group of undertakings for which group financial statements have been drawn up is headed by the University of Birmingham. Copies of group financial statements can be obtained at Finance Office, Aston Webb Building, The University of Birmingham, West Midlands, B15 2TT.