

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

Annual report and financial statements

Registered number 07960887

For the year ended 31 August 2018

The University of Birmingham School  
Annual Report and Financial Statements  
For the Year Ended 31 August 2018

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## Reference and Administrative Details

<b>Members</b>	The University of Birmingham Dr Christopher Banks Mr Richard Haywood Professor Adam Tickell
<b>Trustees</b>	Dr Christopher Banks, Chairman Professor James Arthur Mr Lee Sanders Professor Julie Allan Dr Julie Gilson Mr Joey Islam Mr David Davies Ms Natalie Howard Ms Eleanor Ellis Bryant Ms Michele Deeks Mr Stephen Washbourne Ms Alison Wedge (resigned July 2018) Mr Michael Roden (retired August 2018)
<b>Company Secretary</b>	Mrs Kara Griffiths
<b>Senior Management Team</b>	
Principal	Mr Michael Roden
Senior Vice-Principal	Ms Rebecca Tighe
Vice-Principal	Mr Mark Stow
Assistant Vice-Principal	Ms Kate Campbell
Assistant Vice-Principal	Mrs Gemma Walker
Director of Operations	Mrs Kara Griffiths
<b>Principal and Registered Office</b>	The University of Birmingham School 12 Weoley Park Road Selly Oak Birmingham England B29 6QU
<b>Company Registration Number</b>	07960887
<b>Independent Auditor</b>	Moore Stephens LLP 35 Calthorpe Road Edgbaston Birmingham B15 1TS
<b>Bankers</b>	Lloyds TSB University of Birmingham Branch 142 Edgbaston Park Road Birmingham B15 2TY
<b>Solicitors</b>	Legal Services The University of Birmingham Edgbaston Birmingham B15 2TT

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## Trustees' Report

The governors who are also Trustees and Directors of the University of Birmingham School ('the School'), present their fourth annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2017 to 31 August 2018. 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 Birmingham, 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. At the last school census the School had 590 pupils on roll in years 7 to 9 and 231 in years 12 and 13. 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 fulfil their potential and access the widest possible range of opportunities.

The 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 benefiting from an excellent location, a diverse and comprehensive student body, and access to world-class facilities through the University.

## 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 twelve 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 eighteen. 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.

## Trustees' Report (continued)

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, covering all of their roles and responsibilities, as the School grows towards full capacity. 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 2017-18, the Governing Body met every term - twice in the autumn term. There was also an extraordinary meeting of the Board, convened to discuss recruitment of a new Principal. The Governing Body sub-committees, which have delegated decision-making responsibilities, also met on a termly basis. 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

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.

The Principal and Head of School, Rebecca Tigue, who runs the day-to-day management of the School, are supported by the School's senior leadership team which, during the third year of the School's operation, comprised Mark Stow, Vice Principal and Director of Teaching and Learning, Kate Campbell, Assistant Vice Principal and special educational needs co-ordinator (SENCO), Kara Griffiths, Director of Operations and Gemma Walker, Assistant Vice Principal (Pupil Learning and Development). Two experienced subject leaders were also seconded as associate senior leaders to ensure the School continued to develop both its academic aims and its plans for character education. Hayley Stamp took on responsibility for pupil premium and Eleanor Ellis Bryant had responsibility for developing character education through the School's personal learning and development (PLAD) programme. These positions were one year, fixed term appointments. The School has also, ahead of the 2018-19 academic year, appointed member of the Senior Leadership Team, Arthur Reeves, Assistant Vice Principal (Pupil Progress and Intervention).

To support the School's growth into its third full year of operation, a new cohort of teaching, teaching-related and professional services staff were recruited. In order to replace staff who were moving on from the School, staff who gained internal promotions during the year and accommodate the increase in the pupil and student population, ten new teachers joined the School in September 2017. Six of these teachers were newly qualified teachers, and two experienced members of staff took on roles as NQT mentoring co-ordinators to support them.

The teaching -related staff appointed included two new progress and pastoral managers - one to work with sixth formers and one to work with years 7 to 9, and four targeted intervention assistants to support the School's growing community of children with special educational needs (SEN). The facilities and technicians teams were also significantly strengthened, with two new technicians and a facilities assistant, as was the student services team, with the addition of a school services assistant and a PA to the Head of School.

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

The Governing Body determines the salary/pay range to be advertised and agree pay on appointment in accordance with the following:

- a) The Principal will be paid on a spot salary determined by the Chair of Governors;
- b) The Senior Vice Principal will have a pay range of five consecutive points;
- c) The Vice Principal will have a pay range of five consecutive points;
- d) The Assistant Vice Principal will have a pay range of five consecutive points that sit below the Vice Principal's pay range;
- e) The Director of Operations will have a pay range of five consecutive points;
- f) The Principal may make a recommendation to the Governing Body to appoint a person to a post on a salary that is outside of the normal salary range for the post;
- g) The Governing Body will consider the request and confirm their decision to the Principal accordingly.

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## **Trustees' Report (continued)**

### **Structure, Governance and Management (continued)**

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

The Governing Body delegates 2/3 Governors, none of whom are employees of the School, to carry out the Performance Development review for the Principal as set out in this Policy and the School's Performance Development and Appraisal Policy. The agreed performance objectives and indicators/measures may be referred for moderation to the Chair of Governors.

At the time of the annual assessment of teachers' salaries, the Principal may determine that any member of staff paid on the Leadership Range be paid up to two additional points subject to the maximum of the individual range.

The Governing Body expects that the objectives which were set for such staff under the Performance Development and Appraisal Policy will have become progressively more challenging as they have gained experience in his/her current role and where there has been sustained high quality of performance having regard to the results of the recent Performance Review. The Principal will notify the Resources Committee of his decision. Where it considers it has substantial difficulties in retaining the services of a current member of the Leadership Team the Principal, in consultation with the Governing Body, may decide to change the salary range in order to retain his/her services.

#### **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.

### **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 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.

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'.

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## Trustees' Report (continued)

### Objectives and Activities (continued)

#### Objectives, Strategies, Activities and Public Benefit (continued)

##### Public Benefit

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

Ahead of the 2017-18 academic year, the School recruited its third full cohort of pupils into Year 7, further adding to the diverse and inclusive community which was created in the School's first year of operation. Using the nodal admissions it successfully ran in the first year, the School recruited its 150 Year 7 pupils from four distinct areas of the city - its own Selly Oak locality, Hall Green, Small Heath and the Jewellery Quarter. There were 1,768 applications to the School for Year 7 places - over 11 applications for each available place. Of these, 405 applications were from parents and carers who selected the School as their first choice.

The School also received 656 applications for the 140 places available in the lower sixth in September 2017. From these applicants, 562 students met the over-subscription criteria for the School's academic and selective Sixth Form, and, allowing for those who did not receive their predicted grades at GCSE or chose other destinations, the School subsequently enrolled 130 students.

In August 2018, the School received results for its second year of A-levels, with some notable results. There were a significant number of truly outstanding performances including:

- Joshua Ryman achieved 3 A\*s and one A;
- Zaiyed Chowdhury, Amy Conroy, Simeon Conway-Jones, Rashid Faqiri and Sam Pratt all achieved 3 A\* grades.

In addition to these individual results, across the entire cohort, 15 students achieved at least 1 A\* grade and 15 students also achieved all A and A\* grades. Following these results, 112 students from the School gained places at universities, with 48 of these students going to Russell Group institutions and 20 going to the University of Birmingham.

###### Ofsted inspection

The School underwent its first ever Ofsted inspection in the Spring term 2018, and was awarded a judgement of good. In its report, Ofsted highlighted the School's bespoke 'character education' programme, supported by the Jubilee Centre of Character and Virtues at the University of Birmingham. The inspectors reported that 'the development of a 'character education' programme has rightly received national and international acclaim. Leaders promote spiritual, moral, social and cultural development and British values very well through the curriculum. This includes through 'personal learning and development' lessons.'

The School successfully recruited a full Year 7 for its opening year, with 150 pupils joining in September 2015. Three pupils did leave during the course of the academic year, two moving to other schools and one family relocating but the places have been filled from the extensive waiting list for entry and the School currently has 150 pupils on roll in Year 8 as well as a full cohort in Year 7.

The inclusive approach of the School was also celebrated in the final report: 'Leaders have realised their vision for a highly inclusive intake in key stage 3. The school's pupil intake draws on all parts of the city and a wide range of diverse backgrounds. It is very popular and oversubscribed. Leaders have established an ethos of respect and tolerance where diversity is celebrated. Disabled pupils can access all parts of the building and are fully integrated into school life.'

There is a strong culture of good relationships between pupils of different backgrounds. Pupils show respect for each other's differences, whether by disability, ethnicity or social background.'

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## **Trustees' Report (continued)**

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

#### **Ofsted inspection (continued)**

Ofsted recognised the value and depth of the partnership between the School and the University, and the report said: 'The close partnership with the University of Birmingham has led to significant additional investment and access to high-quality resources.'

#### **Character education and enrichment**

The School's Personal learning and Development (PLAD) programme was singled out and praised by Ofsted inspectors, who mentioned the positive impact that the School's bespoke Character Education programme was having on pupils. The School's CEIAG provision and teaching of fundamental British Values ensure that pupils are aspirational, feel safe, and behave towards one another with respect and understanding.

The School successfully ran its first international school trip, with PE leading a sports (football, rugby and hockey) tour of Barcelona. More than thirty pupils had an enjoyable time practising Spanish, learning about Catalanian culture and playing some football.

In addition to the enrichment offered within the School day, the School continues to build an impressive portfolio of opportunities for pupils before and after School, and at lunchtime. Pupils now choose to take part in before and after School badminton, after School football, and there is significant take-up of music lessons from the Music Service. A sports leader is employed to manage lunchtime sports play, to promote inclusivity and allow pupils to benefit from lunchtime sport.

PE also led a football and netball residential to PGL Liddington, with the girls' team winning the award for Fair Play and Character. The School also ran the Duke of Edinburgh scheme for the first time ever, with all Year 9 pupils undertaking their bronze award, free of charge to them. This resulted in 142 pupils successfully completing their practise expedition in March and 135 who went on to complete their final qualifying expedition.

Extra-curricular PE continues to go from strength to strength with four teams through to the Midlands' School Games finals, the School's girls' cricket team winning through to the Under 15 final at Loughborough and the boys' cricket team remaining undefeated.

Enrichment and extra-curricular opportunities have also flourished; the School continues to extend links with the University of Birmingham and our corporate partners which has led to bespoke enrichments around engineering, French song and literature, archaeology and law.

#### **Corporate Partners**

The School's Corporate Partners scheme went from strength to strength during the academic year. Our four active Corporate Partners all delivered significant numbers of sessions to pupils and students across the School.

The School developed the meaning behind being a corporate partner, and Wilmott Dixon, one of the founding corporate partners, co-designed with the school an enrichment which saw every single year 8 pupil undertake activities in construction and engineering. This model is now being replicated across other corporate partners, as well as repeated by Wilmott Dixon. Shoosmiths, Lloyds bank and KPMG will continue their work with the School next year.

At Easter, a round table event discussing the future of work, and how schools and industry can better work together attracted 30 figures from across Birmingham's breadth of industries. The results and feedback from this session is being used to inform the School's careers plans.

#### **University Partnership**

The partnership between School and University has been developed over the course of the year, with significant activity around initial teacher education (ITE) and volunteering projects for the benefit of the School.

Once more, all secondary PG Dip Ed students took part in serial placements which saw them visit the School for three days across the school year. Primary mathematics students have also been in School to develop their practice.

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## Trustees' Report (continued)

### Strategic Report (continued)

#### University Partnership (continued)

The School's aspiration is to become a place of continual teacher education, enabling and assisting the continuous professional development of teachers from across the city and will do so via the partnership with the University. The Rush Hour Research series of events aims to help staff from both the School and other institutions continue to be research-informed and to develop their curiosity and love of lifelong learning. The series featured Dr Andrea Krott, talking about language acquisition and Professor Jane Martin, on the topic 'Carry on Comprehensive'.

Continual professional development with the University has also benefitted teachers at the School with the University's training department supporting the School in development of coaching. Furthermore, four teachers at the School were able to undertake their Masters in Teaching Studies at the University. These four teachers, along with two other current teachers who have completed Masters research, took part in a sharing of research event at the School in the summer term. The event, called #engagedinresearch also showcased research projects which had involved either the School as a whole, or staff from the School. The research looked at areas as diverse as notions of democracy, pupil perceptions of stretch and challenge, cyber-wisdom and parent-teacher partnerships.

Volunteers from the University, many of whom were interested in teaching as a career, contributed 155 sessions to pupils in the final term of the year alone. University engagement contributed 5,667 hours of teaching or learning in that term alone. Much of this was due to the success of the Horizons lecture series, which sees academics from the University come to deliver a talk or a lecture to sixth form students as part of their enrichment offer each week.

#### Key Performance Indicators and Plans for Future Periods

Description of KPI	2018	2017
Pupil Numbers	722	626
Pupils : Teachers	17.2	16.1
Pupils : Administration / Support	22.6	28.5
Pupils : Management	120.3	125.2
Income per Student	£6,683	£6,101
GAG Income per student	£5,218	£5,165
Staff costs per student	£4,830	£4,548
Staffing costs as a percentage of Income	72.26%	74.55%

The School Development Plan was ratified by Governors for the School's senior leadership team to work to throughout the 2017-18 academic year. This plan was informed by the School's newly developed strategic framework featuring three pillars - flourishing pupils, flourishing staff and societal impact. The School Development Plan includes key strategic ambitions for the School's growth to full capacity in 2020, and key priorities for the coming year to support the School in ultimately achieving these plans.

Key performance indicators include progress of all children, A level results, attendance figures and recruitment numbers. The School also aims to improve outcomes for 16-18 learners.

In 2017/18, 142 students sat A-levels at the School. The table below shows the attainment of students sitting these examinations.

2018	No of Cand	Pass Rate	A*%	A*/A%	A*/B %	Ave Grade	Value Added Score	APS per entry
School	142	95.8	6.9	23.4	47.8	C+	-0.3	32.9
National							0	
1A* Grade	2 A* Grades	3 A* Grades	4 A* Grades	% F Sub Entry	AAB+	AAB+ %		AAB+% 2FSub
7	2	6	0	87.6	20	14.1		20.5

#### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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.

## Trustees' Report (continued)

### Strategic Report (continued)

#### Financial Review

The majority of the School's restricted income is obtained from the Department for Education (DfE) via Education and Skills Funding Agency (ESFA) in the form of revenue and capital grants whose use is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

At 31 August 2018, the net book value of fixed assets was £21,421k. At 31 August 2018, the value of the LGPS pension deficit was £242k. A detailed explanation of the actuarial basis of this valuation is shown in note 21.

The School maintains a healthy surplus balance. The School uses the Academies Financial Handbook to inform its own financial policies.

#### 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. A portion of unrestricted reserve will be used for ongoing replacement of IT consumables as and when the existing stock reaches the end of its useful life.

#### Investment Policy

The School aims to manage its cash balances for the day-to-day working of the School whilst protecting the real long-term cash value of any surpluses against inflation. The School does not, at present, consider the investment of funds as a primary activity, rather as a result of good stewardship if and when circumstances allowed.

#### Principal Risks and Uncertainties

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

- Pastoral - Inability to support pupils with particular needs or in challenging circumstances due to lack of resources and/or information and children struggle to integrate and do not make adequate progress. The School has a proportionately larger population of children with additional needs than other, similar schools. The school, ahead of the next academic year, has completely restructured the SEN team with additional capacity sought via the appointment of an additional Assistant Vice Principal.
- Financial - Failure to plan effectively for the School's future capital needs (ICT or buildings) would mean that the School had inadequate facilities for the pupils and students it accepts. The University of Birmingham has agreed the drawdown of a pre-agreed grant to mitigate against smaller sixth form numbers. A reserves policy has been developed and the School will look to become full financially stable from 19-20.
- Education - Weaker or than expected A-level results would mean students did not leave the School with the outcomes they should do. The move to only allow students to study three A-levels means that there is now more time for them to focus on these studies. In addition, the VP and Sixth Form Manager have drawn up lists of students for whom early intervention is needed to ensure all students achieve their potential.
- Admissions - As the first school of its kind, it offers a unique educational experience for potential pupils, but whilst the School is still growing to its full capacity, without examination results for all public examinations, it is also a risk for families. The market is particularly competitive for the Sixth Form in the School's early years, as the entire cohort is external, with no flow of students from the School's own Year 11 into the Sixth Form until 2020. Clear communication and marketing will continue to be essential to secure sufficient pupils and students over the coming years.
- Staffing - Staff work a longer School day than many of their counterparts and the School must continue to ensure that adequate provision is given to both the continuous professional development of staff but also to their well-being as a result of this increased workload. Ahead of the 2018-19 academic year, Governors approved an additional period of non contact time for all teachers every fortnight.

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## **Trustees' Report (continued)**

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

#### **Principal Risks and Uncertainties (continued)**

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

#### **Plans for Future Periods**

This plan is driven by the School's strategic framework which aims to provide a strategic vision for the School's growth to full capacity in 2020. This framework centres on three key pillars - flourishing pupils, flourishing staff and societal impact.

#### **Funds held as Custodian Trustee on Behalf of Others**

The University of Birmingham School does not hold, and the Governors do not anticipate that the School will hold, any funds as custodian for any third party.

#### **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.

Moore Stephens 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 13 December 2018 and signed on its behalf by:



**Dr Christopher Banks**  
Chair of Governors

## Governance Statement

The information on governance included here supplements that described in the Statement of Governors' 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 5 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Dr Christopher Banks, Chair	5	5
Professor James Arthur	3	5
Joey Islam, Vice Chair	4	5
Lee Sanders	4	5
Michele Deeks	4	5
Stephen Washbourne	4	5
Eleanor Ellis Bryant	5	5
Natalie Howard	5	5
Dr Julie Gilson	2	5
David Davies	4	5
Professor Julie Allan	4	5
Alison Wedge	1	5

The resources committee is a sub-committee of the main board of Trustees. Its purpose is to approve and monitor financial procedures and use of school resources, and to scrutinise and monitor the long-term financial plan for the School.

Attendance at meetings of the sub-committee was as follows:

Governor	Meetings attended	Out of a possible
Dr Christopher Banks, Chair	3	3
Stephen Washbourne	3	3
Professor Julie Allan	2	3
Helen Taylor (co-opted)	3	3

## **Governance Statement (continued)**

### **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, during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the School has delivered improved value for money during the year by:

- Working with the University of Birmingham to access donations and grants available to the School, which allows the School to continue to offer additional provision, such as the enrichment programme, without compromising core school activity;
- Maintaining financial regulations for the procurement of goods and services, which take into account the need to secure good value for all purchases;
- Building the School's lettings activity to diversify income streams and make best use of the School's physical resources for the benefit of the School;
- Re-evaluating the staffing plan to make savings on the planned staffing model;
- Continually reviewing contracts and SLA's to ensure best value for money.

### **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 in place at The University of Birmingham School for the period 1 September 2017 to 31 August 2018 and up to date of approval of the annual report and financial statements.

### **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 2017 to 31 August 2018 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 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 Governors 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;
- following the School's defined purchasing guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

## Governance Statement (continued)

### The Risk and Control Framework (continued)

An internal audit was carried out during the Autumn and Spring terms during the past academic year, with a firm of independent internal auditors, RSM. A report and action plan arising from their work was produced and presented to Governors who will continue to monitor the actions to ensure they have been carried out effectively.

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 of Birmingham and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Governors on 13 December 2018 and signed on its behalf by:



**Dr Christopher Banks**  
Chair of Governors



**Mr Colin Townsend**  
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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with Education and Skills 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 2017.

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 2017.

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 and Skills Funding Agency.

Signed

A handwritten signature in black ink, appearing to read 'Mr Townsend', written over a horizontal line.

Mr Colin Townsend  
Principal

10/10/10



## 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 2015 and Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/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 13 December 2018 and signed on its behalf by:

Signed



**Dr Christopher Banks**  
Chair of Governors

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

### **Opinion**

We have audited the financial statements of The University of Birmingham School for the year ended 31 August 2018 which comprise the Statement of financial activities, the Balance sheet, the statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such a material inconsistency or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE UNIVERSITY OF BIRMINGHAM SCHOOL (continued)

### Responsibilities of Trustees

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or cease operations, or have no realistic alternative but to do so.

### Respective responsibilities of Trustees and Auditor

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Mistatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

### Use of our report

This report is made solely to the academy'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'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 and its members, as a body for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins (FCA) (Senior Statutory Auditor)  
for and on behalf of Moore Stephens LLP (Statutory Auditor)  
Chartered Accountants and Statutory Auditor  
Birmingham  
Date: 20/2/2018.

# 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 dated 2 August 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 year 1 September 2017 to 31 August 2018 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 ESFA 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 ESFA 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 ESFA, 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 dated 2 February 2015 and the Academies financial handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. 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 School's income and expenditure.

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2015 to 2016. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

Our procedures included, but not limited to the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Academy's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Academy;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

## 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 2017 to 31 August 2018 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  
Moore Stephens LLP  
Chartered Accountants  
Birmingham  
Date: 20/12/2018.

**Statement of Financial Activities**  
*for the year ended 31st August 2018*

	<b>Unrestricted General Funds £'000</b>	<b>Restricted General Funds £'000</b>	<b>Restricted Fixed Asset Funds £'000</b>	<b>Total 2018 £'000</b>	<b>Total 2017 £'000</b>
<i>Note</i>					
<b>Income from:</b>					
<i>Donations and capital grants</i>	2	-	125	2,310	2,435
<i>Charitable activities:</i>					
Funding for the School's educational operations	3	-	4,825	-	4,825
Other trading activities	4	110	-	110	78
<b>Total Income</b>		<u>110</u>	<u>4,950</u>	<u>2,310</u>	<u>7,370</u>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
School educational operations	5	-	5,073	1,127	6,200
<b>Total Resources Expended</b>		<u>0</u>	<u>5,073</u>	<u>1,127</u>	<u>6,200</u>
<b>Net Income for the year</b>		110	(123)	1,183	1,170
Transfers between funds		-	-	-	-
<b>Other recognised gains/(losses):</b>					
Actuarial (losses)/gains on defined benefit pension schemes		-	133	-	133
<b>Net movement in Funds</b>		<u>110</u>	<u>10</u>	<u>1,183</u>	<u>1,303</u>
<b>Reconciliation of Funds</b>					
Total Funds on 1 September		100	(19)	20,528	20,609
<b>Total Funds carried forward at 31 August</b>		<u>210</u>	<u>(9)</u>	<u>21,711</u>	<u>21,912</u>

**Balance Sheet**  
as at 31st August 2018

	Note	2018 £'000	2017 £'000
<b>Fixed Assets</b>	11	21,421	20,099
<b>Current Assets</b>			
Debtors	12	139	205
Cash at bank and in hand		1,320	928
		<u>1,459</u>	<u>1,133</u>
<b>Liabilities</b>			
Creditors : Amounts falling due within one year	13	(593)	(357)
		<u>866</u>	<u>776</u>
<b>Net Current Assets</b>			
Defined benefit pension scheme liability	21	(375)	(266)
		<u>21,912</u>	<u>20,609</u>
<b>Net Assets</b>			
		<u>21,912</u>	<u>20,609</u>
<b>Funds of the Academy Trust:</b>			
<b>Restricted Income Funds</b>			
Fixed asset fund		21,711	20,528
General fund		366	247
Pension reserve		(375)	(266)
		<u>21,702</u>	<u>20,509</u>
<b>Total Restricted Funds</b>			
		<u>21,702</u>	<u>20,509</u>
<b>Unrestricted Income Funds</b>		210	100
<b>Total Funds</b>	14	<u>21,912</u>	<u>20,609</u>

These financial statements on pages 17 to 30 were approved by the governors, and authorised for issue on 13th December 2018 and are signed on their behalf by:

Signed



Dr Christopher Banks  
Chair of Governors

**Cash Flow Statement**

*for the year ended 31st August 2018*

	<i>Note</i>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	<i>16</i>	<b>2,841</b>	<b>7</b>
Cash flows from investing activities	<i>17</i>	<b>(2,449)</b>	<b>(96)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>392</b>	<b>(89)</b>
Cash and cash equivalents at 1 September 2017		<b>928</b>	<b>1,017</b>
<b>Cash and cash equivalents at 31 August 2018</b>	<i>18</i>	<b>1,320</b>	<b>928</b>

## Notes to the Financial Statements

### 1 Statement of Accounting Policies

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

#### *Basis of preparation*

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

The University of Birmingham School meets the definition of a public benefit entity under FRS102.

#### *Going concern*

The Trustees 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 Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Income*

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

##### *- Grants*

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is no unconditional entitlement of the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any clawback in respect of the period is deducted from income and recognised as a liability.

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 are no performance-related conditions), where there is certainty of receipt and it is measurable.

##### *- Donations*

Donations are recognised on a receivable basis (where there are no performance-related conditions) where there is certainty of receipt and the amount can be reliably measured.

##### *- Other income*

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

#### *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 are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Registered number 7960887



## Notes to the Financial Statements (*continued*)

### 1 Statement of Accounting Policies (*continued*)

#### *- Charitable activities*

These include the costs incurred to the Schools educational operations, including support costs and costs relating to the governance of the School.

#### *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. 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

Long leasehold buildings	- over 25/43 years
Furniture and Equipment	- over 5 years
Computer Equipment	- over 5 years

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### *Liabilities*

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

#### *Provisions*

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

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

#### *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.

#### *Pensions benefits*

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 quarennial valuations using a prospective unit credit method. As stated in note 29, 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.

Registered number 7960887

## Notes to the Financial Statements (continued)

### 1 Statement of Accounting Policies (continued)

#### Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the School 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 charges, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 and Skills 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 and Skills Funding Agency.

#### Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA 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 24.

#### 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.

The School 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 29, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
The University of Birmingham:				
Capital grants	-	2,310	2,310	-
Other donations	-	125	125	30
	-	2,435	2,435	30

Notes to the Financial Statements (*continued*)

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Department of Education:				
General annual grant	-	3,767	3,767	3,233
Start up grants	-	-	-	175
Other DFE grants	-	462	462	278
Other government grants				
Local authority grants	-	131	131	46
Other income from the academy trusts educational operations	-	465	465	87
	-	4,825	4,825	3,819

4 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	40	-	40	34
Trips/Music	71	-	71	44
	110	-	110	78

5 Expenditure

	Staff Costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's Educational Operations:					
Direct costs	2,632	420	751	3,803	2,918
Allocated support costs	920	1,252	224	2,397	2,061
	3,553	1,673	975	6,200	4,979

Net income/(expenditure) for the period includes:

	2018 £'000	2017 £'000
Depreciation	1,127	1,045
Fees payable to auditor for: audit	12	13

6 Charitable activities

	Educational Operations £'000	Total 2018 £'000	Total 2017 £'000
Direct costs			
Teaching & educational support staff costs	2,632	2,632	2,111
Educational resources	635	635	465
Staff development	25	25	30
Premises	426	426	267
Other direct costs	54	54	44
	3,772	3,772	2,917

Notes to the Financial Statements (*continued*)

6 Charitable activities (*continued*)

Allocated support costs			
Support staff costs	920	920	736
Recruitment and support	37	37	28
Maintenance & improvement	114	114	67
Administrative supplies	104	104	78
Start up costs	13	13	62
Other support costs	68	68	17
Depreciation	1,127	1,127	1,045
Governance costs	45	45	29
	<u>2,428</u>	<u>2,428</u>	<u>2,062</u>
Total Direct and Support Costs	<u>6,200</u>	<u>6,200</u>	<u>4,979</u>

7 Governance costs

	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Legal & professional fees	-	-	-
Auditor's remuneration:			
Audit of financial statement	12	12	13
Other non audit fees	-	-	-
	<u>12</u>	<u>12</u>	<u>13</u>

8 Staff

	2018 £'000	2017 £'000
a. Staff costs		
Wages and salaries	2,474	2,134
Social security costs	249	214
Operating costs of defined benefit pension schemes	<u>615</u>	<u>462</u>
	<u>3,338</u>	<u>2,810</u>
Supply teacher costs	149	37
	<u>3,487</u>	<u>2,847</u>

b. Staff numbers

The average number of persons employed by the School during the period was as follows:

	2018 No.	2017 No.
Teachers	42	39
Administration and support	32	22
Management	<u>6</u>	<u>5</u>
	<u>80</u>	<u>66</u>

c. Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	1	1
£80,000 - £90,000	1	-
£120,000 and higher	<u>1</u>	<u>1</u>
	<u>3</u>	<u>2</u>

d. Key management personnel

The key management personnel of the School comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key personnel for their services to the School was £535k. (2017: £433k).

## Notes to the Financial Statements (continued)

### 9 Trustees' remuneration and expenses

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

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

M Roden (principal and trustee)

Remuneration £120,001 - £130,000 (2017: £110,001 - £120,000)

Employer's pension contributions paid £15,001 - £20,000 (2017: £15,001 - £20,000)

E Bryant (staff governor)

Remuneration £40,001 - £50,000 (2017: £35,001 - £40,000)

Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000)

N Howard (staff governor)

Remuneration £20,001 - £25,000 (2017: £Nil)

Employer's pension contributions paid £0 - £5,000 (2017: £Nil)

### 10 Trustees insurance

In accordance with normal commercial practice the School 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 £1,000,000 on any one claim and the cost for the period ended 31 August 2018 was £13,639 (2017: £19,691).

### 11 Tangible fixed assets

	Assets in the course of construction £'000	Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>					
At 1 September 2017	-	21,182	203	787	22,172
Transfers	-	-	-	-	0
Additions	-	2,310	-	139	2,449
At 31 August 2018	0	23,492	202	926	24,621
<b>Accumulated Depreciation</b>					
At 1 September 2017	-	1,694	81	298	2,073
Depreciation for Year	-	901	41	185	1,127
At 31 August 2018	-	2,595	122	483	3,200
<b>Net Book Value</b>					
At 31 August 2018	-	20,897	80	443	21,421
At 31 August 2017	-	19,488	122	489	20,099

### 12 Debtors

	2018 £'000	2017 £'000
VAT recoverable	19	61
Prepayments and accrued income	120	144
	<u>139</u>	<u>205</u>

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

	2018 £'000	2017 £'000
Amount owed to Parent undertaking	347	-
EFA Creditor: abatement of GAG	79	271
Accruals and deferred income	167	86
	<u>593</u>	<u>357</u>

Notes to the Financial Statements (*continued*)

14 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Unrestricted funds</b>					
Unrestricted general funds	100	110	-	-	210
<b>Total unrestricted funds</b>	<b>100</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>210</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	247	3,767	(3,648)	-	366
Pupil premium	-	170	(170)	-	-
Other grants	-	1,014	(1,014)	-	-
Defined benefit pension scheme	(266)	-	(242)	133	(375)
<b>Total restricted funds</b>	<b>(19)</b>	<b>4,950</b>	<b>(5,073)</b>	<b>133</b>	<b>(9)</b>
<b>Restricted fixed asset funds</b>					
EFA capital grants	18,306	-	(901)	-	17,405
Other capital grants	2,222	2,310	(226)	-	4,306
<b>Total unrestricted funds</b>	<b>20,528</b>	<b>2,310</b>	<b>(1,127)</b>	<b>-</b>	<b>21,711</b>
	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Unrestricted funds</b>					
Unrestricted general funds	22	78	-	-	100
<b>Total unrestricted funds</b>	<b>22</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>100</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	184	3,233	(3,170)	-	247
Pupil premium	-	86	(86)	-	-
Other grants	-	530	(530)	-	-
Defined benefit pension scheme	(61)	-	(148)	(57)	(266)
<b>Total restricted funds</b>	<b>123</b>	<b>3,849</b>	<b>(3,934)</b>	<b>(57)</b>	<b>(19)</b>
<b>Restricted fixed asset funds</b>					
EFA capital grants	19,153	-	(847)	-	18,306
Other capital grants	2,420	-	(198)	-	2,222
<b>Total unrestricted funds</b>	<b>21,573</b>	<b>0</b>	<b>(1,045)</b>	<b>-</b>	<b>20,528</b>

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

**Restricted general funds**

**General Annual Grant** - Income from the ESFA which are to be used for the normal running costs of the Academy, including education and support costs.

**Pupil Premium** - Income from the ESFA which is used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

**Other Grants** - Income which has been received for specific purposes.

**Pension Reserve** - This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

**Restricted fixed asset funds**

**EFA Capital Grant** - This represents funding from the ESFA used to cover the purchase of the school assets.

**Other Capital Grants** - This represents capital grants received for specific projects.

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 2018.

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**Notes to the Financial Statements (continued)**

**15 Analysis of net assets between funds**

Fund balances at 31 August 2018 are represented by:

	Unrestricted General Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 Funds £'000	Total 2017 Funds £'000
Fixed assets	-	-	21,421	21,421	20,099
Current assets	210	465	784	1,459	1,133
Current liabilities	-	(79)	(514)	(593)	(357)
Pension reserve	-	(375)	-	(375)	(266)
<b>Total net assets</b>	<b>210</b>	<b>11</b>	<b>21,691</b>	<b>21,912</b>	<b>20,609</b>

Fund balances at 31 August 2017 are represented by:

	Unrestricted General Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 Funds £'000
Fixed assets	-	-	20,099	20,099
Current assets	100	518	515	1,133
Current liabilities	-	(271)	(86)	(357)
Pension reserve	-	(266)	-	(266)
<b>Total net assets</b>	<b>100</b>	<b>(19)</b>	<b>20,528</b>	<b>20,609</b>

**16 Reconciliation of net Income/(expenditure) to net cash flow from operating activities**

	2018 £'000	2017 £'000
Net expenditure	1,170	(1,052)
Depreciation	1,127	1,045
Capital grants	-	-
Decrease in Debtors	66	(81)
Increase in Creditors	236	(53)
Defined benefit pension scheme finance cost	242	148
<b>Net cash outflow from operating activities</b>	<b>2,841</b>	<b>7</b>

**17 Capital expenditure**

	2018 £'000	2017 £'000
Purchase of tangible fixed assets	(2,449)	(96)
Capital grants from DfE/ESFA	-	-
<b>Net cash outflow from capital expenditure</b>	<b>(2,449)</b>	<b>(96)</b>

**18 Analysis of changes in cash and cash equivalents**

	2018 £'000	2017 £'000
Cash in hand and at bank	1,320	928

**19 Financial Commitments**

Leasing Commitments

At 31 August 2018 the company had future commitments under non cancellable operating leases as set out below:

	2018 £'000	2017 £'000
<b>Photocopier</b>	<b>5</b>	<b>-</b>
Due within one year	-	-
Due after one year	17	-

**20 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.

## Notes to the Financial Statements (continued)

### 21 Pension and similar obligations

The Schools employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependant 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 (Valuation 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 payments 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%.

The employer's pension costs paid to TPS in the period amounted to £281k (2017: 241k).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 was £145,250, of which employers contributions totalled £89,252 and employees' contributions totalled £55,998. The agreed contribution rates for future years are 16.48% for employers and between 5.8 - 6.5% for employees.

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

#### Local Government Pension Scheme

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.70%	2.60%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.4	24.3
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	26.7	26.6

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## Notes to the Financial Statements (continued)

### 21 Pension and similar obligations (continued)

The School's share of the assets in the scheme were:

	Fair Value at 31 August 2018 £'000	Fair Value at 31 August 2017 £'000
Equities	231	140
Government bonds	26	16
Other bonds	14	8
Cash/liquidity	14	11
Property	30	16
Other	51	29
<b>Total market value of assets</b>	<b>366</b>	<b>220</b>

The actual return on scheme assets was £3,000 (2017: £18,000).

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

	2018 £'000	2017 £'000
Current service cost (net of employee contributions)	332	220
Net interest cost	5	1
<b>Total operating charge</b>	<b>337</b>	<b>221</b>

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

	2018 £'000	2017 £'000
<b>At 1 September</b>	<b>486</b>	<b>114</b>
Current service cost	332	220
Interest cost	13	3
Change in financial assumptions	(138)	49
Employee contributions	48	38
Actuarial (gain)/loss	-	62
<b>At 31 August</b>	<b>741</b>	<b>486</b>

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

	2018 £'000	2017 £'000
<b>At 1 September</b>	<b>220</b>	<b>53</b>
Interest income	8	2
Return on plan assets (excluding net interest on the net defined pension liability)	(5)	16
Actuarial gains/(losses)	-	38
Employer contributions	95	73
Employee contributions	48	38
<b>At 31 August</b>	<b>366</b>	<b>220</b>

### 22 Related party transactions

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

The University of Birmingham, a member of the company, provided a revenue grant of £452k (2017: capital grant £600k) during the year. There was also a donation of £2,535k (2017: Nil) to the school of which £2,310k related to a donated asset.

### 23 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.

**Notes to the Financial Statements (*continued*)**

**24 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £32,311 and disbursed £31,200 from the fund. An amount of £1,111 is included within other creditors relating to undistributed funds that is repayable to the ESFA.