

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

Annual report and financial statements

Registered number 07960887

For the year ended 31 August 2016

The University of Birmingham School
Annual Report and Financial Statements
For the Year Ended 31 August 2016

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Reference and Administrative Details

Members

The University of Birmingham
Dr Christopher Banks
Mr Richard Haywood
Professor Adam Tickell

Trustees

Dr Christopher Banks, Chairman
Professor James Arthur
Mr Lee Sanders
Professor Saul Becker
Ms Caroline Hoddinott (resigned July 2016)
Ms Helen Laville (resigned March 2016)
Mr Joey Islam
Ms Smita Jamdar (resigned August 2016)
Mr Jack Swanston (resigned September 2016)
Mrs Eleanor Ellis Bryant
Ms Michele Deeks (appointed December 2015)
Mr Stephen Washbourne (appointed December 2015)
Mr Michael Roden

Company Secretary

Mrs Kara Griffiths

Senior Management Team

Principal	Mr Michael Roden
Senior Vice-Principal	Ms Rebecca Tigue
Vice-Principal	Ms Frances Child
Assistant Vice-Principal	Ms Kate Campbell
Director of Operations	Mrs Alexandra Parish (resigned July 2016)
	Mrs Kara Griffiths (appointed July 2016)

Principal and Registered Office

The University of Birmingham School
12 Weoley Park Road
Selly Oak
Birmingham
England
B29 6QU

Company Registration Number

07960887

Independent Auditor

Moore Stephens LLP
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

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

Registered number 7960887

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 2015 to 31 August 2016. 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 299 pupils on roll in years 7 and 8 and 328 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 nine 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:

- ten will be "University nominated" Governors, appointed by the Members;
- two will be Staff Governors, appointed through a process determined by the Members;

Trustees' Report (continued)

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

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 2015-16, the Governing Body met every term. 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 spent.

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 is supported by the School's senior leadership team which comprises Rebecca Tigue, Senior Vice Principal and Director of Character Education; Frances Child, Vice Principal and Director of Teaching and Learning, who also leads on school-based Initial Teacher Education, with a 50% secondment to the University's School of Education; Kate Campbell, Assistant Vice Principal and special educational needs co-ordinator (SENCO) and a Director of Operations. Kara Griffiths was appointed as the full time and permanent School Director of Operations with effect from 27 June 2016 to replace Mrs Alexandra Parish, who will return to the College of Social Sciences following her maternity leave in January 2017.

In the first year of operation, the School recruited 20 teachers which included subject leaders in all areas, and employed four higher level teaching assistants on fixed term contracts. The staff were supported by a small professional services team, including the Interim Director of Operations, the PA to the Head, the Facilities Manager and School Business Manager as well as administrative and technician support.

At the end of the School's first year of operation, six members of staff left the School - four teachers (a teacher of mathematics and subject leaders in Design Technology, English and Languages), and two teaching assistants. These posts were replaced during the next recruitment round, and the teaching assistant team was restructured to enable the School to employ a SEN and Inclusion Manager and three learning coaches on permanent contracts. From the 19 new posts which were appointed at the beginning of 2016, 12 are newly qualified teachers (NQT's).

The School has made three, one-year, fixed term teaching fellow appointments from the existing teaching staff. These appointments, which represent professional development opportunities for the staff who were successful from an internal field of six, will have a particular emphasis on supporting the NQT's during their first year in teaching. One further fixed-term appointment was made to enable development of the School's enrichment programme in 2016/17.

The School was unsuccessful in recruiting a traditional Head of Sixth Form and therefore made the decision to appoint a full-time and non-teaching Sixth Form Manager as a member of the Professional Services team. Mr Liam Dwyer (former Head of Business Studies at Tudor Grange School) was appointed during the spring term and officially began his role at the start of the 2016/17 academic year.

Trustees' Report (continued)

Structure, Governance and Management (continued)

Organisational Structure (continued)

During the summer term, the remaining professional services posts were recruited to meet the needs of the School as it doubled in size and provide additional support to the senior leadership team. These posts included a Progress and Pastoral Manager; a SEN and Inclusion Manager; three junior technicians with specialisms in science, design technology and performance; a Building Services Co-ordinator; a Finance and Human Resources Officer; an External Relations Officer; a University Training School Co-ordinator (funded by the University); three student Services Assistants posts to provide a specialist administrative support for Admissions, Attendance and Inclusion, Enrichment and Events and Reception and Family Liaison, and a Library and Learning Officer.

Frances Child will be leaving her position as Vice Principal and Director of Teaching and Learning at the end of the Autumn term to take up a full-time position at the University as Director of Initial Teacher Education, where she will continue to work closely with the School to enhance and augment the University's ITE provision. Mark Stowe (currently Assistant Head at Turves Green Boys' School) has been appointed as a full time Vice Principal and Director of Teaching and Learning and will start in January 2017.

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.

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.

Trustees' Report (continued)

Structure, Governance and Management (continued)

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.

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.

Trustees' Report (continued)

Objectives and Activities (continued)

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'.

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

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 nodal admissions system used by the School meant these 150 pupils had previously attended 62 different primary schools around Birmingham. The School admitted children into Year 7 from 30 different ethnic groups. A breakdown of the pupils who came from each node and primary school origin can be seen below along with maximum distance from the node. The pupil allocation to the four nodes is as follows: Selly Oak (School) node: 50%; Hall Green node: 16.7%; Jewellery Quarter node: 16.7%; Small Heath node: 16.7%. The percentages represent maximum figures due to priority being given to looked-after children (LAC) and those with a special educational need or disability (SEND) regardless of where they live.

<i>Node</i>	<i>Furthest distance (m)</i>	<i>Pupils</i>	<i>Primary Schools</i>
Hall Green	854	23	14
Jewellery Quarter	1,639	23	11
Small Heath	1,240	23	12
School	1,429	71	24

The initial intention of the School was to recruit up to 200 students in each year of the Sixth Form, resulting in a large academic Sixth Form of 400 students. Prior to September 2015 entry, the School received 820 applications for admission into the Lower Sixth Form - and of these, 324 students met the School's oversubscription admission criteria based on their predicted GCSE grades.

Allowing for those students who did not receive their predicted grades at GCSE, or chose other post-16 destinations, the School eventually enrolled 187 students into the Lower Sixth Form.

Influence

The University of Birmingham School has recently been mentioned in two Prime Ministerial speeches, including one at the Conservative party conference, where it has been highlighted as an example of how universities can widen participation in education and improve social mobility. It has since been suggested that other universities could follow suit, and in response, a conference will be held at the School to talk about the subject.

Trustees' Report (continued)

Objectives and Activities (continued)

Objectives, Strategies, Activities and Public Benefit (continued)

Leadership activity within the sector has not been confined to these links, and the School also hosted a visit from Nick Timothy, then Director of the New Schools Network, and now chief special advisor to the Prime Minister. In October 2016, the School hosted an away day for 200 delegates from the Education Funding Agency and Michael Roden gave the keynote address, highlighting the successful opening of the School.

The School has also been instrumental in helping to develop school-based character education, through its close links with the University's Jubilee Centre for Character and Virtues. Michael Roden also gave a keynote speech at the annual Jubilee Centre for Character and Virtues conference at Oriel College, Oxford. In July 2016, the School hosted the Association for Character Education (ACE) conference, also for 200 delegates. Mr Roden's speeches have centred on the importance of the distinctive features of the School - notably the focus on character education, delivered through the personal learning and development (PLAD) programme, in all lessons where appropriate, and through the enrichment programme via the extended School day which allows each pupil the opportunity to explore areas of interest to themselves.

Enrichment

The extended School day provides numerous opportunities for pupils to take part in enrichment activities within their normal timetable, and practise their virtues. All students take part in enrichment on Monday and Fridays for one period after lunch, when they have complete freedom to choose the activity which appeals to them.

The activities on offer range from a wide variety of sporting enrichment including karate, British Military Fitness, hockey, football and many more, to baking, sugarcraft, foreign film club and Chinese culture club. On Wednesday afternoons, pupils take part in extended enrichment activities for the entire afternoon which allows for longer trips off-site. Pupils rotate around activities in their form groups, usually in six-week blocks with a clear focus on virtues.

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.

The University has also supported enrichment and lessons across the School, and some key highlights are listed below.

- Professor Scott Sturgeon and colleagues ran the Year 12 Philosophy Society;
- The School hosted a medicine talk to which other local schools were invited;
- A series of lunchtime talks have been given by the University academics, including Professor Kimon Shapiro, Professor Albert Vecchio and Dr Ilya Mandel.
- Pupils have been visiting both the Barber Institute and Winterbourne House and Gardens during enrichment;
- Two volunteer undergraduate students assisted with the Chemistry Olympiad enrichment activity;
- Dr Mark Read delivered a session on Spectroscopy in a suitcase workshop to Year 12 students during the official opening of the School;
- An Erasmus student volunteered with the Year 12 A level group throughout the year and a second modern foreign languages student helped to deliver Japanese enrichment classes.

Trustees' Report (continued)

Strategic Report (continued)

Links with the University of Birmingham

The School has worked in close collaboration with the University's School of Education on its Initial Teacher Education (ITE) strategy throughout 2015/16. In practice, this collaboration has seen a series of visits to the School by PGDipEd students from the University to learn and enhance their experience. These students have mentored pupils from the School and supported with fieldwork and other activities. Teachers from the School have also led and contributed to sessions for the relevant trainees at the School of Education and an NQT from the School took part in a question and answer session at an ITE open evening. The School is now welcoming applications from pre-ITE students who want work experience at the School, matching relevant applications with areas in which the individual can add value, as seen with the impact of the languages students who delivered mentoring and enrichment activity last year.

In order to fulfill the purpose of the University of Birmingham School as a University Training School, access to the intellectual, as well as physical, resources of the University is essential. Subject leaders have, therefore, all been paired with a link academic in their subject at the University in order to help them to access opportunities and knowledge in their area. It has also been recently agreed that all subject leaders will become honorary members of staff at the University, in order for them to access and use the physical and electronic resources of the University's Library Services.

Teaching staff are also all granted external access to the libraries in order to fulfill their teaching role at the University of Birmingham School. Teaching staff engaged in specific research projects are also eligible to apply to be honorary University staff and therefore to be able to access the full range of library resources.

Key Performance Indicators and Plans for Future Periods

The School Establishment Plan which was ratified by Governors has now become the School Improvement Plan and sets out the strategic objectives and actions for the School to achieve its objects each year. Key performance indicators include progress of all children, AS level results, attendance figures and recruitment numbers.

In the first year of the School's operations, a total of 181 students sat AS examinations.

The majority of students (78.5%) sat examinations in at least four AS level subjects. After beginning their programme of study in Year 13, students have now been able to drop one subject, typically that which yielded the lowest grade.

Year	No of Cand	Pass Rate	A%	A/B%	TPS per cand	APS per entry	No entries	1 A grade	2 A grades	3 A grades	4 A grades	5 A grades
2016	181	89.1	18.13	35.5	354.4	93.8	684	33	15	8	8	1

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 Funding Agency (EFA) in the form of revenue and capital grants whose use is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year, total expenditure of £2,411k, excluding depreciation, was met by recurrent funding from the EFA together with other incoming resources.

At 31 August 2016, the net book value of fixed assets was £21,048k. At 31 August 2016, the value of the LGPS pension deficit was £61k. 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:

- 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 School intends to ring-fence a portion of its surplus to account for future years' IT provision to mitigate against this scenario.
- Education - One of the School's most distinctive features is its enrichment programme which offers in excess of 70 different activities for pupils to choose from, all in the course of their normal School day. Provision for such a wide range of activities does present a substantial additional cost to the School. Therefore, additional voluntary support and income generation schemes are being actively targeted to ensure that the enrichment programme remains cohesive, progressive and affordable as the School grows in size.

Trustees' Report (continued)

Strategic Report (continued)

- 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 - The School has opened with a relatively small senior leadership team, and, as such, there is a risk of a leadership vacuum and the loss of knowledge should any one member leave the School. The senior leadership team must have clear systems and processes, and share all relevant knowledge with the entire staff where appropriate and with key colleagues where needed. This will be especially relevant whilst the School is still growing.

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

The School will continue to strive to meet its key objectives, creating a diverse learning community and raising the aspirations of the student body, through its unapologetic focus on personal and academic achievement. The School will grow in size over the next academic year with the addition of a third intake, taking the School size up to 800-850 pupils.

Plans are also in progress to investigate extending the laboratory provision of the School to cope with the demand for science subjects at A level.

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 8 December 2016 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 4 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, Chairman	4	4
Professor Michael Clarke (resigned Dec 2015)	3	3
Professor James Arthur	3	4
Professor Saul Becker	4	4
Mr Lee Sanders	3	4
Ms Caroline Hoddinott (resigned July 2016)	2	4
Mr Joey Islam	4	4
Ms Smita Jamdar (resigned August 2016)	2	4
Mr Jack Swanston (resigned September 2016)	3	3
Mrs Eleanor Ellis Bryant	2	3
Mr Stephen Washbourne	3	3
Dr Helen Laville (resigned March 2016)	1	3
Ms Michele Deeks	3	3
	4	4

During the period of the accounts, there were changes in the composition of the Governing Body and the Academy Trust. During the first term of the School being open, staff elections took place to appoint two staff governors - Mr Jack Swanston and Mrs Eleanor Ellis Bryant. The University also asked for nominations from parents to become governors and two parent governors were duly appointed - Ms Michele Deeks and Mr Stephen Washbourne. Professor Michael Clarke resigned his position and Dr Christopher Banks replaced him as Chairman of the Board. Dr Helen Laville left the employment of the University of Birmingham and also resigned her position on the Governing Body, as did Caroline Hoddinott, and, at the very end of the accounting period, Smita Jamdar. Mr Jack Swanston resigned from the School and therefore also the Governing Body.

During 2016-17, the Governing Body will undergo a period of development as the new School grows further. This will include a review of the skills and competencies audit and recruitment of further Governors to complete the Board and the election of a second staff Governor.

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:

Governance Statement (continued)

Governance (continued)

Governor	Meetings attended	Out of a possible
Dr Chris Banks, Chair	2	3
Mr Stephen Washbourne	2	3
Mr Joey Islam	2	3
Ms Caroline Hoddinott (Resigned July 2016)	0	3

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:

- Running the School in its first year with a small professional services and senior leadership team, in order to concentrate resources on pupil learning;
- Agreeing financial regulations for the procurement of goods and services, which take into account the need to secure good value for all purchases;
- Requiring all subject leaders to obtain quotations for the purchases of goods and services, to prescribed limits as set out in the financial regulations;
- Agreeing goods and services to be provided during the first year of operations from existing frameworks, both within the University and externally. This includes stationery, office supplies, energy, waste and recycling, insurance, and some maintenance contracts.
- Extending a Service Level Agreement (SLA) 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 SLA will be reviewed on an annual basis and services will be tendered competitively as the School grows to full 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 in place at The University of Birmingham School for the period 1 September 2015 to 31 August 2016 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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:

Governance Statement (continued)

The Risk and Control Framework (continued)

- 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.

An internal audit was undertaken by the University of Birmingham on behalf of the School in July 2015. No issues were raised and an action plan has been agreed. A second internal audit is being carried out during the Autumn term 2016, with a firm of independent internal auditors, RSM. A report and action plan arising from their work will be produced and presented to the Governing Body.

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 8 December 2016 and signed on its behalf by:



Dr Christopher Banks
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 2015.

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 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Governors and 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 2015 and Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Members of the Board of Trustees on 8 December 2016 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

We have audited the financial statements of The University of Birmingham School for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable School's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable School's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable School and the its 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 School for the purposes of company law) are responsible for the preparation of the financial statements 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 School's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

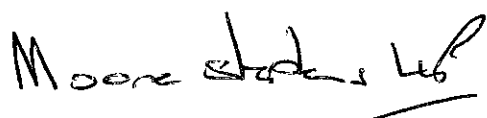
Opinion on other matter prescribed by the Companies Act 2006 and the Academies: Accounts Direction 2015 issued by the EFA

In our opinion the information given in the Governors' Report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Nicholas Simkins (Senior Statutory Auditor)
for and on behalf of Moore Stephens LLP (Statutory Auditor)
Chartered Accountants and Statutory Auditor
Birmingham

Date:

8/12/2016

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 Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The University of Birmingham School during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 dated 2 February 2015 and the Academies financial handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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 School's income and expenditure.

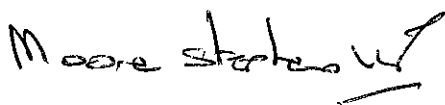
We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2015 to 2016. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

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 School'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 School;
- 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 2015 to 31 August 2016 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:

8/12/2016

Statement of Financial Activities
for the year ended 31st August 2016

	<i>Note</i>	Unrestricted General Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Income from:						
<i>Donations and capital grants</i>	2	-	10	425	435	16,838
<i>Charitable activities:</i>						
Funding for the School's educational operations	3	-	2,584	-	2,584	275
Other trading activities	4	22	-	-	22	-
Total Income		<u>22</u>	<u>2,594</u>	<u>425</u>	<u>3,041</u>	<u>17,113</u>
Expenditure on:						
<i>Charitable activities:</i>						
School educational operations	5	-	2,411	1,027	3,438	364
Total Resources Expended		<u>0</u>	<u>2,411</u>	<u>1,027</u>	<u>3,438</u>	<u>364</u>
Net Income for the year		22	183	(602)	(397)	16,749
Transfers between funds		-	(30)	30	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes		-	(37)	-	(37)	-
Net movement in Funds		<u>22</u>	<u>116</u>	<u>(572)</u>	<u>(434)</u>	<u>16,749</u>
Reconciliation of Funds						
Total Funds on 1 September		-	7	22,145	22,152	5,403
Total Funds carried forward at 31 August		<u>22</u>	<u>123</u>	<u>21,573</u>	<u>21,718</u>	<u>22,152</u>

Balance Sheet

as at 31st August 2016

	Note	2016 £'000	2015 £'000
Fixed Assets	11	21,048	20,747
Current Assets			
Debtors	12	124	3,105
Cash at bank and in hand		1,017	3,200
		<u>1,141</u>	<u>6,305</u>
Liabilities			
Creditors : Amounts falling due within one year	13	(410)	(4,900)
		<u></u>	<u></u>
Net Current Assets		731	1,405
Defined benefit pension scheme liability	21	(61)	-
		<u></u>	<u></u>
Net Assets		<u><u>21,718</u></u>	<u><u>22,152</u></u>

Funds of the Academy Trust:

Restricted Income Funds

Fixed asset fund	21,573	22,145
General fund	184	7
Pension reserve	(61)	-

Total Restricted Funds	<u>21,696</u>	<u>22,152</u>
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Unrestricted Income Funds	22	-
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Total Funds	14	<u><u>21,718</u></u>	<u><u>22,152</u></u>
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These financial statements on pages 16 to 31 were approved by the governors, and authorised for issue on 8th December 2016 and are signed on their behalf by:

Signed



Dr Christopher Banks
Chair of Governors

Cash Flow Statement

for the year ended 31st August 2016

	<i>Note</i>	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	<i>16</i>	(1,575)	(2)
Cash flows from investing activities	<i>17</i>	(608)	(547)
Change in cash and cash equivalents in the reporting period		(2,183)	(549)
Cash and cash equivalents at 1 September 2015		3,200	3,749
Cash and cash equivalents at 31 August 2016	<i>18</i>	1,017	3,200

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 2015 to 2016 issued by the EFA, 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.

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 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 2010²⁰ 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 quinquennial 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.

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 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.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 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 2016 £'000	Total 2015 £'000
Department of Education:				
Capital grants	-	425	425	14,838
The University of Birmingham:				
Capital grants	-	-	-	1,970
Other donations	-	10	10	30
	-	435	435	16,838

Notes to the Financial Statements (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Department of Education:				
General annual grant	-	1,799	1,799	-
Start up grants	-	400	400	-
Other DFE grants	-	230	230	-
Other government grants				
Local authority grants	-	63	63	275
Other income from the academy trusts educational operations	-	93	93	-
	<u>-</u>	<u>2,584</u>	<u>2,584</u>	<u>275</u>

4 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	4	-	4	-
Trips/Music	18	-	18	-
	<u>22</u>	<u>-</u>	<u>22</u>	<u>-</u>

5 Expenditure

	Staff Costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2016 £'000	Total 2015 £'000
Academy's Educational Operations:					
Direct costs	1,315	186	315	1,816	311
Allocated support costs	367	1,069	186	1,622	53
	<u>1,682</u>	<u>1,255</u>	<u>501</u>	<u>3,438</u>	<u>364</u>

Net income/(expenditure) for the period includes:

	2016 £'000	2015 £'000
Depreciation	1,027	-
Fees payable to auditor for: audit	13	8

6 Charitable activities

	Educational Operations £'000	Total 2016 £'000	Total 2015 £'000
Direct costs			
Teaching & educational support staff costs	1,315	1,315	276
Educational resources	276	276	5
Staff development	4	4	2
Premises	186	186	-
Other direct costs	35	35	18
	<u>1,816</u>	<u>1,816</u>	<u>301</u>

Notes to the Financial Statements (*continued*)

6 Charitable activities (*continued*)

Allocated support costs

Support staff costs	367	367	35
Recruitment and support	11	11	-
Maintenance & improvement	39	39	-
Administrative supplies	21	21	-
Start up costs	124	124	-
Other support costs	19	19	18
Depreciation	1,028	1,028	-
Governance costs	13	13	10
	<u>1,622</u>	<u>1,622</u>	<u>63</u>
Total Direct and Support Costs	<u>3,439</u>	<u>3,439</u>	<u>364</u>

7 Governance costs

	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Legal & professional fees	-	-	1
Auditor's remuneration:			
Audit of financial statement	13	13	8
Other non audit fees	-	-	1
	<u>13</u>	<u>13</u>	<u>10</u>

8 Staff

	2016 £'000	2015 £'000
a. Staff costs		
Wages and salaries	1,350	226
Social security costs	109	21
Operating costs of defined benefit pension schemes	209	29
	<u>1,668</u>	<u>276</u>
Supply teacher costs	14	-
	<u>1,682</u>	<u>276</u>

b. Staff numbers

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

	2016 No.	2015 No.
Teachers	20	-
Administration and support	10	2
Management	4	2
	<u>34</u>	<u>4</u>

c. Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	2	-
£110,001 - £120,000	1	1
	<u>3</u>	<u>1</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 £440k. (2015: £289k).

Notes to the Financial Statements (continued)

9 Trustees' remuneration and expenses

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 management personnel for their services to the School was £440k (2015: 289k).

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

M Roden (principal and trustee)

Remuneration £110,001 - £120,000 (2015: £110,001 - £120,000)

Employer's pension contributions paid £15,001 - £20,000 (2015: £15,001 - £20,000)

E Bryant (staff governor)

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

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

During the period ended 31 August 2016, travel and subsistence expenses totalling £12 (2015: Nil) were reimbursed to 1 trustee.

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 2016 was £17,077 (2015: Nil).

11 Tangible fixed assets

	Assets in the course of construction £'000	Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 September 2015	20,747	-	-	-	20,747
Transfers	(20,747)	20,360	74	313	-
Additions	-	815	128	385	1,328
At 31 August 2016	0	21,175	202	698	22,075
Accumulated Depreciation					
At 1 September 2015	-	-	-	-	-
Depreciation for Year	-	847	40	140	1,026
At 31 August 2016	-	847	40	140	1,026
Net Book Value					
At 31 August 2016	-	20,328	162	558	21,049
At 31 August 2015	20,747	-	-	-	20,747

12 Debtors

	2016 £'000	2015 £'000
VAT recoverable	82	150
Other debtors	-	2,955
Prepayments and accrued income	42	-
	124	3,105

13 Creditors : Amounts falling due within one year

	2016 £'000	2015 £'000
Amount owed to Parent undertaking	2	4,657
VAT payable	-	150
EFA Creditor: abatement of GAG	73	-
Accruals and deferred income	335	93
	410	4,900

Notes to the Financial Statements (*continued*)

14 Funds

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Unrestricted funds					
Unrestricted general funds	-	22	-	-	22
Total unrestricted funds	0	22	0	0	22
Restricted general funds					
General Annual Grant (GAG)	-	1,799	(1,585)	(30)	184
Pupil premium	-	56	(56)	-	-
Other grants	7	739	(746)	-	-
Defined benefit pension scheme	-	-	(24)	(37)	(61)
Total restricted funds	7	2,594	(2,411)	(67)	123
Restricted fixed asset funds					
EFA capital grants	19,545	425	(847)	30	19,153
Other capital grants	2,600	-	(180)	-	2,420
Total unrestricted funds	22,145	425	(1,027)	30	21,573

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

Restricted general funds

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

Pupil Premium - Income from the EFA 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 EFA 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 2016.

15 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted General Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 Funds £'000	Total 2015 Funds £'000
Fixed assets	-	-	21,048	21,048	20,747
Current assets	22	299	820	1,141	6,305
Current liabilities	-	(115)	(295)	(410)	(4,900)
Pension reserve	-	(61)	-	(61)	-
Total net assets	22	123	21,573	21,718	22,152

Notes to the Financial Statements (*continued*)

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

	2016	2015
	£'000	£'000
Net expenditure	(397)	16,749
Depreciation	1,027	-
Capital grants	(425)	(16,808)
Decrease in Debtors	2,981	-
Decrease in Creditors	(4,785)	57
Defined benefit pension scheme finance cost	24	-
Net cash outflow from operating activities	(1,575)	(2)

17 Capital expenditure

	2016	2015
	£'000	£'000
Purchase of tangible fixed assets	(1,033)	(14,811)
Capital grants from DfE/EFA	425	14,264
Net cash outflow from capital expenditure	(608)	(547)

18 Analysis of changes in cash and cash equivalents

	2016	2015
	£'000	£'000
Cash in hand and at bank	1,017	3,200

19 Commitments

	2016	2015
	£'000	£'000
a) Capital commitments		
Contracted but not provided for in the financial statements:		
Retention	-	211
Computer equipment	39	-
	39	211

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.

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.

Notes to the Financial Statements (*continued*)

21 Pension and similar obligations (*continued*)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are 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 £185k (2015: 29k).

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 2016 was £48,000, of which employers contributions totalled £34,000 and employees' contributions totalled £14,000. 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 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment/inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.8	25.6
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28.0

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 2016 £'000	Fair Value at 31 August 2015 £'000
Equities	31	3
Government bonds	4	1
Other bonds	5	1
Cash/liquidity	3	-
Property	4	1
Other	6	1
Total market value of assets	53	7

The actual return on scheme assets was £5,000 (2015: £Nil).

Amount recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	24	-
Net interest cost	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	24	-

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

	2016 £'000	2015 £'000
At 1 September	-	-
Current service cost	58	-
Interest cost	1	-
Employee contributions	14	-
Actuarial (gain)/loss	41	-
At 31 August	114	-

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

	2016 £'000	2015 £'000
At 1 September	-	-
Interest income	1	-
Return on plan assets (excluding net interest on the net defined pension liability)	4	1
Employer contributions	34	4
Employee contributions	14	2
At 31 August	53	7

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 capital grant of £600k (2015: £2,000k) during the year. There was also a reimbursement of £6,375k (2015: 14,376k) on behalf of the School of which £2k (2015: £4,657k) is still outstanding.

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 EFA. In the accounting period ending 31 August 2016 the trust received £21,456 and disbursed £17,636 from the fund. An amount of £3,820 is included within other creditors relating to undistributed funds that is repayable to the EFA.

25 First time adoption of FRS102

These financial statements are the first financial statements of The University of Birmingham School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Charities SORP (SORP 2015). The financial statements of The University of Birmingham School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005. The date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.