

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

Annual report and financial statements

Registered number 07960887

For the year ended 31 August 2017

The University of Birmingham School
Annual Report and Financial Statements
For the Year Ended 31 August 2017

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Reference and Administrative Details

Members	The University of Birmingham Dr Christopher Banks Mr Richard Haywood Professor Tim Jones
Trustees	Dr Christopher Banks, Chairman Professor James Arthur Mr Lee Sanders Professor Saul Becker (resigned August 2017) Dr Julie Gilson (appointed December 2016) Professor Julie Allan (appointed February 2017) Mr Joey Islam Mr David Davies (appointed February 2017) Miss Natalie Howard (appointed December 2016) Mrs Eleanor Ellis Bryant Ms Michele Deeks Mr Stephen Washbourne Ms Alison Wedge (appointed February 2017) Mr Michael Roden
Company Secretary	Mrs Kara Griffiths
Senior Management Team	
Principal	Mr Michael Roden
Senior Vice-Principal	Ms Rebecca Tighe
Vice-Principal	Ms Frances Child (resigned December 2016) Mr Mark Stow (appointed January 2017)
Assistant Vice-Principal	Ms Kate Campbell
Director of Operations	Mrs Kara Griffiths
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 fifth annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2016 to 31 August 2017. 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 450 pupils on roll in years 7 to 9 and 273 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 thirteen Governors, who also act as Trustees and Directors, all of whom have been appointed by the Members. This will increase over the next year once the School opens, up to a maximum of 18. Of these:

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

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

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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.

Governors' Indemnities

In accordance with normal commercial practice, the School has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance provides cover up to £1m on any one claim. Details of costs can be found in Note 10 to the accounts.

Organisational Structure

During 2016-17, the Governing Body met every term - twice in the autumn term. The Governing Body sub-committees, which have delegated decision-making responsibilities, also met on a termly basis. The Governing Body also held a strategic away day, along with the School's senior management team and the Vice-Chancellor of the University of Birmingham in February 2017. 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 and Head of School are supported by the School's senior leadership team which, during the second year of the School's operation, comprised Mark Stow, Vice Principal and Director of Teaching and Learning (who took over from Frances Child at Christmas), Kate Campbell, Assistant Vice Principal and special educational needs co-ordinator (SENCO) and Kara Griffiths, Director of Operations.

The School has also, ahead of the 2017-18 academic year, appointed an additional member of the Senior Leadership team, Gemma Walker, Assistant Vice Principal (Pupil Progress and Welfare) and seconded two experienced subject leaders as associate senior leaders to ensure the School is continuing to develop both its academic aims and its plans for character education. Hayley Stemp will take on responsibility for pupil premium and Eleanor Ellis Bryant will have responsibility for developing character education through the School's personal learning and development (PLAD) programme.

To support the School's growth into its second full year of operation, a new cohort of teaching and professional services staff were recruited - with this latter group being divided into professional services and teaching-related posts to reflect the growth in the team of staff who work directly with students and pupils.

In order to replace staff who were moving on from the School and accommodate the doubling of the pupil and student population, three new subject leaders and twenty new teachers joined the School in September. Several members of teaching staff also took on additional responsibilities for the first time, in order to add capacity to the growing School and support the School's twelve newly qualified teachers (NQTs), all of whom passed their NQT year.

The teaching-related staff appointed included a Sixth Form Manager to oversee the academic and pastoral sides of sixth form life and a progress and pastoral manager as well as three learning coaches to work with the School's cohort of young people with special educational needs. The facilities and technicians teams were also significantly strengthened, as was the student services team, with the addition of a dedicated receptionist, admissions officer, and, to reflect the distinctive offering of the School, an enrichment officer and University-School liaison officer.

Trustees' Report (continued)

Structure, Governance and Management (continued)

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

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.

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 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.

Trustees' Report (continued)

Objectives and Activities (continued)

Objectives, Strategies, Activities and Public Benefit (continued)

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.

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

Ahead of the 2016/17 academic year, the School recruited its second 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 its 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 1,580 applications to the School for Year 7 places – over 10 applications for each available place. Of these, 410 applications were from parents and carers who selected the School as their first choice. The children starting in year 7 came from 63 primary schools around the city – an increase of one on the previous year, and 36 different ethnic backgrounds, helping to fulfil the School's ambition to be a School which reflects the demographic of the entire city.

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance (continued)

The School also received 716 applications for the 200 places available in the lower sixth in September 2016. From these applicants, 234 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 172 students. In Year 13, 154 students continued their programme of A-levels.

In August 2017, the School received results for its first ever set of A-levels, with some notable results. There were a significant number of truly outstanding performances including:

- Gerard Henry achieved 4 A* grades;
- Anupreet Singh Lohia, Junaid Choudhry, Declan Grant and Jamie Fisher all achieved 3 A* grades;
- Oliver Page achieved 3 A* grades and 1 A Grade;
- Andrew Fox and Razchela Padoline achieved 2 A* grades and 1 A grade;
- Solomon Smith achieved 2 A* grades and 1 B grade;
- Saniya Shaikh achieved 1 A* grades and 3 A grades ;
- Alexander Lawrence, Baban Mohammed, Anya Abraham and Esthel Carreon all achieved 1 A* grades and 2 A grades.

In addition to these individual results, across the entire cohort, 17 students achieved at least 1 A* grade and 17 students achieved straight A*/A grades.

Following the results, 114 students from the School gained places at universities, with 48 of these students going to Russell Group institutions and 14 going to the University of Birmingham.

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.

Pupils and students moved between options each term, and there were as many as 55 different options for them to choose from each time. Enrichment activities are selected based on the skills and enthusiasm of staff - including teachers and professional services - and the programme is designed to ensure there is a mixture of different types of opportunity, from sport to music and from art to community action, allowing all of our pupils the chance to flourish in an area which captures their imagination.

Some of the highlights over the course of the year included organising a street party as part of the Great British Get-Together, Mandarin, Egyptology, gardening, a range of sports and other physical activities, Photography, Chemistry Olympiad and Feminist Studies. For the first time, some sixth formers were given the freedom to design and run their own enrichment activity - with the popular Tea and Politics club being one of the notable successes of this project.

Wednesday afternoons during terms one and two, and Friday afternoons in term three, were dedicated to enrichments delivered in form groups, which gives pupils and students the opportunity to embark upon a longer project with their peers. These projects are designed to encourage pupils and students to practise their character virtues, and included the popular Thankyou Cafe - a project where children in Year 7 learn how to cook a meal, before inviting in family members for a celebratory meal where the children can express their gratitude for all that they do. Together with Birmingham Women's Aid, pupils at the School explored what positive relationships might mean for young people.

Sixth formers benefited from a range of different types of activity during these sessions all designed to celebrate the diverse community within the School. They took part in two sessions of street law, delivered by pro bono law teams from the University, and were involved in a number of community enterprises from volunteering in old people's homes to working with social enterprise Envision to run a Breaking Down Barriers campaign, all of which has helped our young people to gain a greater sense of what it means to be a good citizen.

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Trustees' Report (continued)

Strategic Report (continued)

Enrichment (continued)

Music and art

Although it is the extended School day which allows the School space to deliver such transformational activities, the School also offers all pupils the opportunity to be further involved with activities outside the core School day. Every child in Year 7 took part in the School's Winter Concert, on a variety of instruments with over 80 other children supporting them, and another group of the youngest pupils took part in a project called My Music where they composed a piece of music for Selly Oak, alongside musicians from Birmingham Conservatoire.

The School also held a stunning display of AS and A-level artistic talent, welcoming parents and friends of the School to see the multi-media work. Much of this has now formed a permanent gallery on the top floor of the School building.

Finally, in the Spring term, the School held its first ever Artsfest, which culminated in 100 parents coming to watch a series of performances and experience a range of other art from the entire School community, with dance, drumming, painting and even batik art on show.

Sport

Sport is one of the many avenues of opportunity at University of Birmingham School and many of our pupils and students take advantage of the varied array of activities offered beyond the school day. Whilst everyone gets chance to participate in a variety of sports as part of their Physical Education curriculum, and the sporting choices on offer during enrichment are vast, there is also plenty of chance to develop sporting skills, learn something new or compete at all levels outside the main school timetable.

Sport is about mastery of a skill, or a set of skills, it is about teamwork and resilience – in many ways, it is the living embodiment of performance virtues.

At University of Birmingham School, whether a pupil or student's end goal is to master a new sport, meet new people through a new activity or win medals for their school and beyond, the aim is to ensure they have access to everything they need to build their skills in their chosen activity. Through the School's partnership with the University of Birmingham, there has been access to qualified coaches across a myriad of sports – not to mention former Olympians and Paralympians who support the children to achieve their aims.

At University of Birmingham School, there is a recognition that competition is essential to many pupils, as the next step in demonstrating their commitment to a sport. This year, pupils competed in the Birmingham summer and winter games, and those competitions, which mirror the Olympics and Paralympic ideals, also reflect the character virtues children are developing through sport. Any child who wants to compete will compete.

In the past year, the School held our first ever sports tour, with a coachload of pupils taking part in netball and football on a PGL trip. The School has demonstrated its success in the sporting arena – with success in athletics, in para athletics, in rugby, hockey and cricket - both girls and boys – and the School won the Midlands Street Dance Championships this year.

There is a place for everyone in sport at the School. And sport is about far more than competing on an elite stage. Whether a pupil wants to be a performer, a leader, an official or a coach, there is space for them to explore that - as well as being a spectator. Everyone is encouraged to watch members of the school community in action, as well as opportunities to see elite sport – in fact, a staff v sixth form basketball match in the summer term was as well attended as a trip to Wembley to watch the Women's FA Cup final.

Children also visited the London Stadium to see the World Para Athletics Championships - with pupils who were already competing in athletics sitting side by side with friends and peers who had never seen live elite sport before, providing inspiration for every child on the visit.

Trustees' Report (continued)

Strategic Report (continued)

Enrichment (continued)

Challenge Week

This academic year saw the first ever University of Birmingham School Challenge Week take place. The aim of Challenge Week was to provide a planned opportunity away from classrooms and textbooks to develop character, especially virtues of empathy, resilience and curiosity – and to give children the space to do something which may challenge them.

During the week, in the summer term, every Year 8 child took part in water sports activities at Edgbaston Reservoir, including raft building and kayaking. Children in Year 7 also had a week of challenging activities, including orienteering and learning how to light fires with the Royal Marines.

Following Challenge Week, 80% of pupils said that they had persevered when they found things hard, while 82% said they thought they had co-operated well with others. Over half of the pupils (52%) said they had grown in confidence as a result of the week. The week proved almost universally popular with 90% of pupils asking for another Challenge Week next year.

Library and reading

At the University of Birmingham School, all members of the school community are encouraged to read for pleasure, and across the course of this academic year, a number of innovative events were held to help achieve this aim.

In September, all pupils were able to choose a book to keep from a selection provided by the Reading Agency which created a positive introduction to the library for children who were excited to receive their own book choice to keep. Many pupils spoke with their friends who had chosen the same book, wrote reviews and were highly enthused by the project.

Later in the year, former Birmingham Poet Laureate, Stephen Morrison-Burke hosted workshops with pupils followed by a performance in the library at lunchtime when several children exhibited performance virtues to share their work with the audience. The entire School shared a love of Harry Potter for the annual Harry Potter book night with games, snacks and quizzes related to the popular series of books. And the School also welcomed the then-Children's Laureate Chris Riddell and Kjarten Poskitt, author of a series of children's maths books, to speak to pupils in Years 7 and 8.

Corporate Partners

The School had four Corporate Partners at the start of the year, which increased to five following the addition of Lloyds Bank as one of these partners. Corporate Partners work with the School for mutual benefit, supporting the School's enrichment activities through both financial donations but also by providing a range of opportunities for pupils.

Shoosmiths law firm, one of the initial partners, delivered a session to prospective Sixth Formers at the School's Experience Day in July, aimed at showing applicants and offer holders some of the distinctive features of the School as well as assemblies for the benefit of current students. Sixth formers were also able to visit the offices of the firm in the city centre to quiz staff about careers. KPMG, another founding partner, worked closely with the School throughout the year including employability workshops for Year 7 pupils.

Wilmott Dixon, the construction company which built the School's distinctive building, have re-affirmed their support for the School as a Corporate Partner and will be running enrichment activities over the coming year.

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Trustees' Report (continued)

Strategic Report (continued)

University of Birmingham Partnership

The partnership between School and University has gone from strength to strength over the course of the year, with significant activity around initial teacher education (ITE) and further research projects taking place within School and involving staff and pupils.

The School has partnered with the University to deliver significant recruitment activity for the School of Education, including being the subject of a new promotional film to attract would-be teachers to the profession. During the year, the School and University also worked together to pilot new initiatives to showcase teaching as a career including the hosting of visits from undergraduate students who had expressed an interest in teaching, and developing a pipeline of

To further enhance the offering of the ITE programmes themselves, all secondary PG Dip Ed students in biology, geography, religious studies (RS) and mathematics took part in serial placements which saw them visit the School for three days in the autumn term. This was repeated for those students on chemistry and physics programmes and some modern languages in the spring term. Primary mathematics students have also been in School to develop their practice.

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

The series featured Professor Michael Hand who spoke about Teaching Controversial Issues; Dr Jack Rogers on Emotions, Aggression and Antisocial Behaviour and Professor Kalwant Bhopal on BME Experiences in Higher Education: Social justice, inclusion and white privilege.

All subject leaders have extended their links with academics in both the relevant subject department as well as within the School of Education in order to enhance both subject knowledge and pedagogy amongst all staff and benefit from research from the University.

This curiosity extends into the co-creation of research with the University. Subject leader for Geography, Ruth Till, presented on Exploring Newness at the Researching with and for Children Conference at the University of Edinburgh in May. The project was student-led and run alongside the University's School of Geography and School of Education.

The research focused on four broad themes:

- young people's experiences of settling in within the first months of arriving in a new school and importantly a new building ;
- young people's everyday experiences of transition (from a diversity of primary and secondary schools);
- spaces of settling-in and transition – exploring the relationship between settling-in and the building;
- journeys to school and what impacts that has on the school day.

The research has also provided the School with some practical tools – not least a map of the building designed by pupils for other children, which has already been used at both induction and open day.

The School is supporting a number of other research projects with the University including a project involving Subject Leader for Computer Science, Adam Hamflett, which looks at moral dilemmas associated with being online, and a project about space in schools and what it means to be inclusive.

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Trustees' Report (continued)

Strategic Report (continued)

University of Birmingham Partnership (continued)

Influence

The University of Birmingham School has continued to draw upon its partnership with the University of Birmingham in order to contribute to the debate around university schools and highlight the importance it places on character education – and the impact on the pupils.

Following the School being cited in a speech by the Prime Minister, where she spoke about the successful partnership between school and university, a conference was held at the School for other universities who wished to follow suit. The Principal, Mr Roden, also addressed senior staff at the New Schools Network and politicians on the eve of the Conservative Party conference to discuss the challenges and opportunities associated with opening such a distinctive school, and welcomed this group to see the School for themselves.

The School, through its work with the University's Jubilee Centre for Character and Virtues, has also continued to develop its own programme of character education through the world-leading research at the Centre, and this has given rise to multiple opportunities for the School to act as an advocate for the type of education it is providing – balancing character with academics.

Visitors from as far afield as Iceland have visited the School to understand more about how character is taught and promoted throughout the work of the School, and the School was once again represented as the Association of Character Education annual meeting. Mr Roden and School governor – and Director of the Jubilee Centre – Professor James Arthur continued this advocacy work when they attended a reception at Downing Street to celebrate character education.

Key Performance Indicators and Plans for Future Periods

The School Improvement Plan was ratified by Governors for the School's senior leadership team to work to throughout the 2016-17 academic year.

The development of a strategic framework for the School, focusing on three pillars of flourishing pupils, flourishing staff and societal impact has allowed the School to further develop this plan for the coming year. The School

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 based on its 2016-17 performance.

In 2016-17, 157 students sat A-levels at the School for the first time. The table below shows the attainment of students sitting these examinations.

2017	No of Cand	Pass Rate	A*%	A*/A%	A/B %	Average Point Score per entry
	157	94.4	7.3	22.1	50.6	33.2
1A* Grade	2 A* Grades	3 A* Grades	4 A* Grades			
8	3	4	1			

Trustees' Report (continued)

Strategic Report (continued)

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 Notes to the financial statements.

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 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year, total expenditure of £3,934k, excluding depreciation, was met by recurrent funding from the ESFA together with other incoming resources.

At 31 August 2017, the net book value of fixed assets was £20,099k. At 31 August 2017, the value of the LGPS pension deficit was £266k. A detailed explanation of the actuarial basis of this valuation is shown in note 21. Being a relatively new School housed in a brand new building together with a depreciation policy which sees these buildings being depreciated over just 25 years results in the charge for depreciation being significant at £1,045k. This has an adverse effect on net income but the Board of Governors are comfortable with this effect.

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. The Governors review the reserve levels annually as part of the budget approval process. As a new and growing School with just two years of operation, the School is still building up a reserve fund. In the long term, the School will aim to hold reserves of either 12% of its GAG or two months' salary, whichever is the higher. It is the policy of the Governors to maintain sufficient reserves to cover:

- funding reductions due to Government changes
- a fall in student numbers
- unexpected costs over and above normal budgeting
- any cashflow fluctuations due to quantum or timing of funding
- any contingencies or be used to contribute as funding towards capital expenditure.

The total level of reserves held at 31 August 2017 was £20,609k as set out in the Balance Sheet and Note 15 to the accounts. Within the total reserves figure is an amount of £20,528k represented by the restricted fixed asset fund. This fund includes the cumulative value of the school's grant and donations less depreciation and will normally equal the net book value of the school's fixed assets. This fund cannot be spent and is therefore not a free reserve.

Trustees' Report (continued)

Strategic Report (continued)

Reserves Policy (continued)

The School's free reserves are those income funds that are freely available for general purposes, which under FRS102, are the unrestricted reserves of £100k

In accordance with ESFA guidance the Governors assess that the underlying financial viability of the school is determined by the balance held on the restricted fund (excluding the school's negative pension reserve) of £247k together with the unrestricted reserves of £100k. In total, these reserves are £347k. This balance is in line with Governor's expectations at this point in the Schools development.

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. The University of Birmingham has also agreed the provision of a pre-agreed grant to mitigate against a shortfall in sixth form recruitment should this be necessary.

- 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.

- 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

Registered number 07960887

Trustees' Report (continued)

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

- External inspection - The School will undergo an Ofsted inspection at some point from its seventh term in 2017-18. As a School which is continuing to grow, and with many new staff and systems, this external inspection will place additional pressure on

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, as laid out in the School Development Plan, 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 fourth intake, taking the School size up to around 900 pupils.

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 staff, flourishing pupils 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 7 December 2017 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, Chair	4	4
Professor James Arthur	3	4
Joey Islam, Vice Chair	4	4
Professor Saul Becker (resigned August 2017)	4	4
Lee Sanders	4	4
Michele Deeks	4	4
Stephen Washbourne	4	4
Eleanor Ellis Bryant	4	4
Natalie Howard	1	2
Dr Julie Gilson	2	2
David Davies	1	1
Professor Julie Allan	1	1
Alison Wedge	1	1

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 year, staff elections took place to appoint one additional staff governor - Natalie Howard. The University appointed a further four governors during the course of the year - Dr Julie Gilson, David Davies, Alison Wedge and Professor Julie Allan. Finally, Saul Becker resigned from the University of Birmingham where he was employed in August 2017, and therefore from the Governing Body.

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	1	1
Greg Langston (co-opted)	2	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:

Governance Statement (continued)

Review of Value for Money (continued)

- Agreeing financial regulations for the procurement of goods and services, which take into account the need to secure good value for all purchases;
- Developing a lettings policy 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;
- Reviewing and continuing 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 is 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. 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 2016 to 31 August 2017 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 2016 to 31 August 2017 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.

An internal audit was carried out during the Autumn term 2016, with a firm of independent internal auditors, RSM. A report and action plan arising from their work was produced and presented to the 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 RSM;
- 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 7 December 2017 and signed on its behalf by:



Dr Christopher Banks
Chair of Governors



Mr Michael Roden
Principal

Registered number 07960887

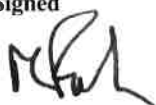
Statement on Regularity

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 2016.

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 2016.

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



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 Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017;
- 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 7 December 2017 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 (the 'charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance sheet, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 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 2017 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 2016 to 2017 issued by the Education and Skills 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 company, the charitable school and its members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 material inconsistencies 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 matter 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 Governors Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' 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 the knowledge and understanding of the charitable school and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the Strategic Report.

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

Matters on which we are required to report by exception (continued)

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

Responsibilities of Trustees

As explained more fully in the governors' responsibilities Statement set out on page 13, the governors 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 governors 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 governors are responsible for assessing the charitable school'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is 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. Misstatements 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 Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Nicholas Simkins (Senior Statutory Auditor)
for and on behalf of Moore Stephens LLP (Statutory Auditor)
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS
Date: 7/12/2017.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MEMBERS OF THE UNIVERSITY OF BIRMINGHAM SCHOOL AND THE EDUCATION AND SKILLS 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 2016 to 2017, 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 2016 to 31 August 2017 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 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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 2016 to 2017. 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 2016 to 31 August 2017 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: 7/12/2017.

Statement of Financial Activities
for the year ended 31st August 2017

	Note	Unrestricted General Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
Income from:						
<i>Donations and capital grants</i>	2	-	30		30	435
<i>Charitable activities:</i>						
Funding for the School's educational operations	3	-	3,819	-	3,819	2,584
Other trading activities	4	78		-	78	22
Total Income		<u>78</u>	<u>3,849</u>	<u>-</u>	<u>3,927</u>	<u>3,041</u>
Expenditure on:						
<i>Charitable activities:</i>						
School educational operations	5	-	3,934	1,045	4,979	3,438
Total Resources Expended		<u>-</u>	<u>3,934</u>	<u>1,045</u>	<u>4,979</u>	<u>3,438</u>
Net Income for the year		78	(85)	(1,045)	(1,052)	(397)
Transfers between funds		-	-	-	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes		-	(57)	-	(57)	(37)
Net movement in Funds		<u>78</u>	<u>(142)</u>	<u>(1,045)</u>	<u>(1,109)</u>	<u>(434)</u>
Reconciliation of Funds						
Total Funds on 1 September		22	123	21,573	21,718	22,152
Total Funds carried forward at 31 August		<u>100</u>	<u>(19)</u>	<u>20,528</u>	<u>20,609</u>	<u>21,718</u>

Balance Sheet

as at 31st August 2017

	Note	2017 £'000	2016 £'000
Fixed Assets	11	20,099	21,048
Current Assets			
Debtors	12	205	124
Cash at bank and in hand		928	1,017
		1,133	1,141
Liabilities			
Creditors : Amounts falling due within one year	13	(357)	(410)
		776	731
Net Current Assets			
Defined benefit pension scheme liability	22	(266)	(61)
Net Assets		20,609	21,718

Funds of the Academy Trust:

Restricted Income Funds

Fixed asset fund		20,528	21,573
General fund		247	184
Pension reserve		(266)	(61)
Total Restricted Funds		20,509	21,696
Unrestricted Income Funds		100	22
Total Funds	15	20,609	21,718

These financial statements on pages 19 to 32 were approved by the governors, and authorised for issue on 7th December 2017 and are signed on their behalf by:

Signed



Dr Christopher Banks
Chair of Governors

Cash Flow Statement

for the year ended 31st August 2017

	<i>Note</i>	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	<i>16</i>	7	(1,575)
Cash flows from investing activities	<i>17</i>	(96)	(608)
Change in cash and cash equivalents in the reporting period		(89)	(2,183)
Cash and cash equivalents at 1 September 2016		1,017	3,200
Cash and cash equivalents at 31 August 2017	<i>18</i>	928	1,017

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 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies

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

Company status

The academy is a company limited by guarantee, incorporated in England and Wales (company number 7960887). The registered address and the members of the company are listed on page 1.

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.

Notes to the Financial Statements (*continued*)

1 Statement of Accounting Policies (*continued*)

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.

- 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 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.

Notes to the Financial Statements (*continued*)

1 Statement of Accounting Policies (*continued*)

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 quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Notes to the Financial Statements (continued)

2 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Department of Education: Capital grants	-	-	-	425
The University of Birmingham: Capital grants	-	-	-	-
Other donations	-	30	30	10
2016 Totals	-	30	30	435
		10	25	435

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Department of Education: General annual grant	-	3,233	3,233	1,799
Start up grants	-	175	175	400
Other DFE grants	-	278	278	230
Other government grants Local authority grants	-	46	46	63
Other income from the academy trusts educational operations	-	87	87	93
2016 Totals	-	3,819	3,819	2,584
		2,584		2,584

4 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	34	-	34	4
Trips/Music	44	-	44	18
2016 Totals	78	-	78	22
	22			22

5 Expenditure

	Staff Costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2017 £'000	Total 2016 £'000
Academy's Educational Operations: Direct costs	2,111	267	539	2,917	1,816
Allocated support costs	736	1,116	210	2,061	1,622
	2,847	1,383	749	4,979	3,438

Net income/(expenditure) for the period includes:

	2017 £'000	2016 £'000
Depreciation	1,045	1,027
Fees payable to auditor for: audit	13	13

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Notes to the Financial Statements (continued)**6 Charitable activities**

	Educational Operations £'000	Total 2017 £'000	Total 2016 £'000
Direct costs			
Teaching & educational support staff costs	2,111	2,111	1,315
Educational resources	465	465	276
Staff development	30	30	4
Premises	267	267	186
Other direct costs	44	44	35
	<u>2,917</u>	<u>2,917</u>	<u>1,816</u>
Allocated support costs			
Support staff costs	736	736	367
Recruitment and support	28	28	11
Maintenance & improvement	67	67	39
Administrative supplies	78	78	21
Start up costs	62	62	124
Other support costs	18	18	19
Depreciation	1,045	1,045	1028
Governance costs	29	29	13
	<u>2,063</u>	<u>2,063</u>	<u>1,622</u>
Total Direct and Support Costs	<u>4,980</u>	<u>4,980</u>	<u>3,438</u>

7 Governance costs

	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Auditor's remuneration:			
Audit of financial statement	13	13	13
	<u>13</u>	<u>13</u>	<u>13</u>

8 Staff

	2017 £'000	2016 £'000
a. Staff costs		
Wages and salaries	2,134	1,350
Social security costs	214	109
Operating costs of defined benefit pension schemes	462	209
	<u>2,810</u>	<u>1,668</u>
Supply teacher costs	37	14
	<u>2,847</u>	<u>1,682</u>

b. Staff numbers

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

	2017 No.	2016 No.
Teachers	39	20
Administration and support	22	10
Management	5	4
	<u>66</u>	<u>34</u>

c. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	1	2
£110,001 - £120,000	1	1
	<u>2</u>	<u>3</u>

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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 £433k (2016: 440k).

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

M Roden (principal and trustee)

Remuneration £115,001 - £120,000 (2016: £115,001 - £120,000)

Employer's pension contributions paid £15,001 - £20,000 (2016: £15,001 - £20,000)

E Bryant (staff governor)

Remuneration £35,000 - £40,000 (2016: £35,000 - £40,000)

Employer's pension contributions paid £5,000 - £10,000 (2016: £5,000 - £10,000)

N Howard (staff governor)

Remuneration £20,000 - £25,000 (2016: £Nil)

Employer's pension contributions paid £5,000 - £10,000 (2016: £Nil)

During the period ended 31 August 2017, travel and subsistence expenses totalling £40 (2016: £12) 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 2017 was £19,691 (2016: £17,077).

11 Tangible fixed assets

	Long Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2016	20,328	162	558	21,048
Additions	7	-	89	96
At 31 August 2017	20,335	162	647	21,144
Accumulated Depreciation				
At 1 September 2016	-	-	-	-
Depreciation for Year	847	41	157	1,045
At 31 August 2017	847	41	157	1,045
Net Book Value				
At 31 August 2017	19,488	121	490	20,099
At 31 August 2016	20,328	162	558	21,048

12 Debtors

	2017 £'000	2016 £'000
VAT recoverable	61	82
Prepayments and accrued income	144	42
	205	124

13 Creditors : Amounts falling due within one year

	2017 £'000	2016 £'000
Amount owed to Parent undertaking	-	2
ESFA Creditor: abatement of GAG	271	73
Accruals and deferred income	86	335
	357	410

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Notes to the Financial Statements (continued)

14 Deferred Income

	2017 £'000	2016 £'000
Deferred income at 1 September 2016	-	-
Released from previous year	-	-
Resources deferred in the year	14	-
Deferred income at 31 August 2017	14	-

Deferred income includes £9k pupil premium funding from ESFA and £5k relating to trips occurring in 2017/18.

15 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Unrestricted funds					
Unrestricted general funds	22	78	-	-	100
Total unrestricted funds	22	78	-	-	100
Restricted general funds					
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)
Total restricted funds	123	3,849	(3,934)	(57)	(19)
Restricted fixed asset funds					
ESFA capital grants	19,153	-	(847)	-	18,306
Other capital grants	2,420	-	(198)	-	2,222
Total unrestricted funds	21,573	-	(1,045)	-	20,528

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

ESFA 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 2017.

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Notes to the Financial Statements (*continued*)

16 Analysis of net assets between funds

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	Total 2016 Funds £'000
Fixed assets	-	-	20,099	20,099	21,048
Current assets	100	518	515	1,133	1,141
Current liabilities	-	(271)	(86)	(357)	(410)
Pension reserve	-	(266)	-	(266)	(61)
Total net assets	100	(19)	20,528	20,609	21,718

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £'000	2015 £'000
Net expenditure	(1,052)	(397)
Depreciation	1,045	1,027
Capital grants	-	(425)
Increase in Debtors	(81)	2,981
Decrease in Creditors	(53)	(4,785)
Defined benefit pension scheme finance cost	148	24
Net cash outflow from operating activities	7	(1,575)

18 Capital expenditure

	2016 £'000	2016 £'000
Purchase of tangible fixed assets	(96)	(1,033)
Capital grants from DfE/ESFA	-	425
Net cash outflow from capital expenditure	(96)	(608)

19 Analysis of changes in cash and cash equivalents

	2017 £'000	2016 £'000
Cash in hand and at bank	928	1,017

20 Commitments

a) Capital commitments

Contracted but not provided for in the financial statements:

Computer equipment	-	39
		39

21 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.

22 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.

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22 Pension and similar obligations (continued)

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 £241k (2016: 151k).

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 2017 was £110,000, of which employers contributions totalled £72,000 and employees' contributions totalled £38,000. 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 2017	At 31 August 2016
Rate of increase in salaries	4.20%	3.75%
Rate of increase for pensions in payment/inflation	2.70%	2.00%
Discount rate for scheme liabilities	2.60%	2.20%

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22 Pension and similar obligations (continued)

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	21.8	23.1
Females	24.3	25.8
<i>Retiring in 20 years</i>		
Males	24.0	25.3
Females	26.6	28.1

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

	Fair Value at 31 August 2017 £'000	Fair Value at 31 August 2016 £'000
Equities	140	31
Government bonds	16	4
Other bonds	8	5
Cash/liquidity	11	3
Property	16	4
Other	29	6
Total market value of assets	220	53

The actual return on scheme assets was £18,000 (2016: £5,000).

Amount recognised in the statement of financial activities

	2017 £'000	2016 £'000
Current service cost	220	58
Net interest cost	3	1
Interest income	(2)	(1)
Total operating charge	221	58

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

	2017 £'000	2016 £'000
At 1 September	114	-
Current service cost	220	58
Interest cost	3	1
Experience loss/(gain) on defined benefit obligation	64	-
Change in demographic assumptions	(2)	-
Employee contributions	38	14
Actuarial (gain)/loss	49	41
At 31 August	486	114

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

	2017 £'000	2016 £'000
At 1 September	53	-
Interest income	2	1
Return on plan assets (excluding net interest on the net defined pension liability)	16	4
Other actuarial gains/(losses)	39	-
Employer contributions	72	34
Employee contributions	38	14
At 31 August	220	53

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23 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 grant of £132k (2016: £600k) during the year. There was also a reimbursement of £3,129k (2016: £6,375k) on behalf of the School of which £6k (2016: £2k) is still outstanding.

24 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.

25 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 2017 the trust received £46,216 and disbursed £41,250 from the fund. An amount of £4,966 is included within other creditors relating to undistributed funds that is repayable to the ESFA.