

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

Annual report and financial statements

Registered number 07960887

For the year ended 31 August 2019

The University of Birmingham School  
Annual Report and Financial Statements  
For the Year Ended 31 August 2019

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## Reference and Administrative Details

**Members**

The University of Birmingham (represented by the Vice-Chancellor)  
Professor Tim Jones  
Dr Christopher Banks OBE  
Mr Richard Haywood  
Professor Jeffrey Bale (appointed 21 March 2019)

**Trustees**

Dr Christopher Banks OBE, Chairman (resigned 20 March 2019)  
Professor Jeffrey Bale, Chairman (appointed 21 March 2019)  
Professor James Arthur (term of office expired June 2019)  
Mr Lee Sanders (term of office expired June 2019)  
Professor Julie Allan  
Dr Julie Gilson (resigned December 2018)  
Mr Joey Islam  
Mr David Davies (term of office expired June 2019)  
Ms Natalie Howard  
Ms Eleanor Ellis Bryant  
Ms Michele Deeks (resigned March 2019)  
Mr Stephen Washbourne  
Professor Richard Black  
Ms Cathy Gilbert  
Mr David Ashmore  
Professor Prem Kumar  
Ms Fionnuala O'Conner  
Mr Kirandeep Saini  
Mr Mark Senior  
Ms Jane Millard  
Mr Colin Townsend  
Ms Claudia Favero

**Company Secretary** Mr Robin Haslam (acting)

### Senior Management Team

Principal	Mr Colin Townsend
Head of School	Ms Rebecca Tighe
Vice-Principal	Mr Mark Stow
Assistant Vice-Principal	Mr Arthur Reeves
Assistant Vice-Principal	Mrs Gemma Walker

**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**

BDO LLP  
Two Snow Hill  
Birmingham  
B4 6GA

**Registered number 07960887**

**Bankers**

Lloyds TSB  
University of Birmingham Branch  
142 Edgbaston Park Road  
Birmingham  
B15 2TY

**Solicitors**

Legal Services  
The University of Birmingham  
Edgbaston  
Birmingham  
B15 2TT

## **Trustees' Report**

The governors who are also Trustees and Directors of the University of Birmingham School ('the School'), present their fifth annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2018 to 31 August 2019. 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 admission nodes in Selly Oak, Hall Green, Small Heath and the Jewellery Quarter. The Sixth Form is academically selective and open to students from across Birmingham and its surrounding communities. The School opened in September 2015 and was 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 have a capacity of 1,150 when full. At the last school census the School had 762 pupils on roll in years 7 - 11 and 249 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 sixteen Governors, who also act as Trustees and Directors, all of whom have been appointed by the Members. This will increase up to a maximum of eighteen. Of these:

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

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

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

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

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All Governors are provided with the policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Governors. Specific induction and training will be provided for Governors, covering all of their roles and responsibilities, as the School grows towards full capacity. This is particularly important in the years of embedding the School to ensure that there is clarity about the vision, ethos, strategic direction and success of the School. Governors also have access to various online resources including The Key and Governor Hub.

#### **Organisational Structure**

During 2018-19, 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 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. The Principal is also designated as the Accounting Officer and is responsible for the financial and administrative matters of the School.

The Principal and Head of School, Rebecca Tighe, who runs the day-to-day management of the School, are supported by the School's senior leadership team which, during the fourth year of the School's operation, comprised Mark Stow, Vice Principal and Director of Teaching and Learning and Arthur Reeves, Assistant Vice Principal, Kara Griffiths, Director of Operations and Gemma Walker, Assistant Vice Principal (Pupil Learning and Development).

To support the School's growth into its fourth full year of operation, a new cohort of teaching, teaching-related and professional services staff were recruited. In order to replace staff who were moving on from the School, staff who gained internal promotions during the year and accommodate the increase in the pupil and student population, seventeen new teachers joined the School in during the year. Three of these teachers were newly qualified teachers supported by an experienced member of staff as NQT mentoring co-ordinator to support them.

The teaching -related staff appointed included two new pupil pastoral managers. Five Year Leader posts were built into the staffing structure to provide career progression and pupil progress capacity. A deputy head of Sixth Form post has been similarly created, and plans were ratified for the current Head of Sixth Form to join the Senior Leadership Team as Assistant Vice Principal. A safeguarding manager post has been introduced.

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

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

- a) The Principal will be paid on a spot salary determined by the Chair of Governors;
- b) The Head of School 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.

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

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

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

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 Staffing and Personnel 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 is built. The charitable company functions as a subsidiary of the University.

### **Objectives and Activities**

#### **Objects and Aims**

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

#### **Objectives, Strategies, Activities and Public Benefit**

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

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

The School is characterised by:

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

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

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

#### **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. The Governing Body has complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

### **Objectives and Activities (continued)**

#### **Strategic Report**

##### **Achievements and Performance**

Ahead of the 2018-19 academic year, the School recruited its fourth 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 1,800 applications to the School for Year 7 places - over 11 applications for each available place. Of these, 405 applications were from parents and carers who selected the School as their first choice.

The School also received 1,030 applications for the 200 places available in the lower sixth in September 2018. From these applicants, 562 students met the over-subscription criteria for the School's academic and selective Sixth Form, and, allowing for those who did not receive their predicted grades at GCSE or chose other destinations, the School subsequently enrolled 130 students.

In August 2019, the School received results for its third year of A-levels, with some notable results. There were a significant number of truly outstanding performances including:

- One student achieving A\*A\* A progressing to study Mathematics at University of Birmingham
- One student achieving A\*AA progressing to study Physics at Nottingham
- One student achieving A\*AB progressing to study English at Oxford
- One student achieving AAB progressing to study Pharmacy at University of Birmingham
- One student achieving AAB progressing to study Physics with Nuclear Science at Liverpool
- One student achieving AAB progressing to study Mechatronics and Robotics at Leeds
- One student achieving AAB progressing to study Chemistry at Manchester
- One student achieving AAB progressing to study Computer Science at York

In addition to these individual results, 79 of 93 leavers (aged 18) secured a place at university, with a third of places overall at Russell Group institutions, and 12 at the University of Birmingham.

##### **Going Concern**

After making appropriate enquiries, the Governing Body is confident that it has adequate resources to continue in operational existence for the foreseeable future. This assessment is based upon known income and expenditure, levels of reserves held, its continued ability to recruit pupils / students and staff together with the strength of its Members and Trustees. The School maintains a comprehensive Risk Register with identified risks mitigated wherever possible. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **Ofsted inspection**

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

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

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

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

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

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

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

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

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

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

The School also ran the Duke of Edinburgh scheme with all Year 9 pupils undertaking their bronze award, free of charge to them. This resulted in 142 pupils successfully completed their practise expedition in March and 135 who went on to complete their final qualifying expedition.

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

#### **Corporate Partners**

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

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

#### **University Partnership**

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

Once more, all secondary PG Dip Ed students took part in serial placements which saw them visit the School for three days across the school year. Primary 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 research-informed and to develop their curiosity and love of lifelong learning.

## Trustees' Report (continued)

### Strategic Report (continued)

#### University Partnership (continued)

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

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

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

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

In 2018/19, 94 students sat A-levels at the School. The table below shows the attainment of students sitting these examinations.

# - Data Unavailable	Number of students	Attainment										Progress		
		A*-B					A*-E					Level 3 Value-Added		
		16/17	17/18	18/19	18/19 National	+/-	16/17	17/18	18/19	18/19 National	+/-	16/17	17/18	18/19
Overall	94	50.98	48.57	50.53	51.6	-1.07	94.53	96.19	98.22	97.6	0.62	-0.47	-0.3	0.08
Male	56	52.58	54.71	54.65	49.8	4.85	95.31	95.52	99.42	97	2.42	-0.2	0	0.34
Female	38	49.59	41.62	44.03	53	-8.97	93.85	96.95	96.33	98	-1.67	-0.72	-0.7	-0.33
PP	32	#	35.06	44.79	Data unpublished		#	93.1	97.91	Data unpublished		-0.8	-0.6	0.06
Non-PP	62	#	58.13	53.51	Data unpublished		#	98.37	98.37	Data unpublished		#	-0.1	0.08
Prior Attainment														
Average A+ PA	49	#	#	67.81	Data unpublished		#	#	99.32	Data unpublished		-0.4	-0.2	0.04
Average B+ PA	44	#	#	32.58			#	#	96.97			-0.7	-0.4	0.13
Average C+ PA	1	#	#	0			#	#	100			0.1	0	-0.65

#### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

#### 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 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

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

#### **Financial Review (continued)**

As at 31 August 2019, there was an in-year deficit of £1.3m, however, if we exclude the depreciation and the pension costs, the School has an in-year surplus of £214k, with income reserves of £790k.

At 31 August 2019, the net book value of fixed assets was £20,423k. At 31 August 2019, the value of the LGPS pension deficit was £739k. A detailed explanation of the actuarial basis of this valuation is shown in note 22.

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. Maintaining an appropriate level of financial reserves is considered essential to protect the School from financial risk. Risks include cuts to funding, unexpected fall in pupil / student numbers, unexpected expenditures etc. These funds will be carried forward without limit but having regard to the School's annual budget, payroll costs, known commitments and 5 Year Forward Financial Plan. A portion of unrestricted reserve will be used for ongoing replacement of IT consumables as and when the existing stock reaches the end of its useful life.

#### **Investment Policy**

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

#### **Principal Risks and Uncertainties**

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

- Pastoral - Inability to support pupils with particular needs or in challenging circumstances due to lack of resources and/or information and children struggle to integrate and do not make adequate progress. The School has a proportionately larger population of children with additional needs than other, similar schools. The school, ahead of the next academic year, has completely restructured the SEN team with additional capacity in place via the appointment of an additional Assistant Vice Principal.
- Financial - Failure to plan effectively for the School's future capital needs (ICT or buildings) would mean that the School had inadequate facilities for the pupils and students it accepts. The University of Birmingham has agreed the drawdown of a pre-agreed grant to mitigate against smaller sixth form numbers. A reserves policy has been developed and the School will look to become full financially stable from 19-20.
- Education - Weaker or than expected GCSE results would mean students did not leave the School with the outcomes they should do. Monitoring, intervention and support of pupils is in place. Pupils are being provided with a wide range of guidance in relation to accessible, high quality pathway of choice including at UCB.
- Admissions - As the first school of its kind, it offers a unique educational experience for potential pupils, but whilst the School is still growing to its full capacity, without examination results for all public examinations, it is also a risk for families. The market is particularly competitive for the Sixth Form in the School's early years, as the entire cohort is external, with no flow of students from the School's own Year 11 into the Sixth Form until 2020. Clear communication and marketing will continue to be essential to secure sufficient pupils and students over the coming years.
- Staffing - Staff work a longer School day than many of their counterparts and the School must continue to ensure that adequate provision is given to both the continuous professional development of staff but also to their well-being as a result of this increased workload.

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

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

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

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

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

This plan is driven by the School's strategic framework which aims to provide a strategic vision for the School's growth to full capacity in 2020. This framework centres on three key pillars - flourishing pupils, flourishing staff and societal impact including a heightened and more explicit emphasis on young people as successful scholars. The School continues on its journey to provide academic excellence whilst having regard to its responsibilities for Teacher training and development.

#### **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.

BDO LLP have been appointed as auditors of the Company under Section 485 of the Companies Act 2006. On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

Approved by order of the Board of Governors on 11 December 2019 and signed on its behalf by:



**Professor J Bale**  
**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. It maintains effective oversight of funds via the Resources, Audit and Staffing and Personnel committees. 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, resigned December 2018	2	2
Professor Julie Allan	4	4
Professor James Arthur, resigned June 2019	2	4
David Ashmore	3	3
Professor Jeff Bale	3	3
Professor Richard Black	4	4
David Davies, resigned June 2019	3	4
Michele Deeks, resigned May 2018	2	3
Eleanor Ellis Bryant	4	4
Cathy Gilbert	2	4
Dr Julie Gilson, resigned October 2018	1	4
Natalie Howard	1	2
Joey Islam, Vice Chair	4	4
Professor Prem Kumar	2	2
Fionnuala O'Connoer	2	2
Kirandeep Saini	2	2
Lee Sanders	4	4
Stephen Washbourne	3	4

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.

## Governance Statement (continued)

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

Governor	Meetings attended	Out of a possible
Dr Christopher Banks	2	2
Professor Julie Allan	1	1
Professor Jeff Bale	1	2
Professor Richard Black	1	2
Stephen Washbourne	3	3
Helen Taylor	1	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:

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

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. Prior to the School opening the system of internal control is on an on-going process designed to identify and prioritise the risks to the achievement of the School's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at The University of Birmingham School for the period 1 September 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

## Governance Statement (continued)

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

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

- the work of the external auditor;
- the financial management and governance risk assessment undertaken for the School's Pre-Opening approval;
- the internal audit undertaken by the University of Birmingham;
- the work of the Director of Operations and School Business Manager who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review 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 11 December 2019 and signed on its behalf by:



Professor Jeffrey Bale  
Chair of Governors



Mr Colin Townsend  
Principal

### Statement on Regularity

As Accounting Officer of the University of Birmingham School, I have considered my responsibility to notify the Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the School and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Governors and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Governors and ESFA.

The following matters of irregularity have been brought to my attention and will be addressed:

Matter 1: Details of the relevant business and pecuniary interests of its members and trustees are not published on the academy's website (as per Academies Financial Handbook 2.10.1).

Matter 2: The academy has purchased alcohol using school funds (as per Accounts Direction 2018/19 Annex B 1.22).

Signed



Mr Colin Townsend  
Principal

11/12/19



## Statement of Trustees' Responsibilities

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods & principles in the Charities SORP 2015 & Academies Accounts Direction 2018-19.
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Members of the Board of Trustees on 11 December 2019 and signed on its behalf by:

Signed



**Professor Jeffrey Bale**  
Chair of Governors

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF UNIVERSITY OF BIRMINGHAM SCHOOL

### Opinion

We have audited the financial statements of University of Birmingham School ("the Academy") for the year ended 31 August 2019 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency (ESFA).

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 2019 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; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019.

### 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 Academy 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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 Trustees' report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report or the Strategic report.

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

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

Registered number 07960887

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

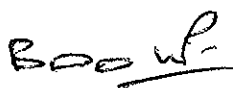
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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



Nicholas Simkins (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Two Snowhill  
Queensway  
Birmingham  
B4 6GA

Date: 18/12/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY OF BIRMINGHAM SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 February 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University of Birmingham School during the period 1 September 2018 to 31 August 2019 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 University of Birmingham School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to University of Birmingham School and 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 University of Birmingham School and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of University of Birmingham School's Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of University of Birmingham School's funding agreement with the Secretary of State for Education dated 2 February 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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.

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;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- 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;
- Reviewing any family members of directors or senior leadership team appointed in the period, checking that the School's processes have been followed and the remuneration appears reasonable;
- Performing a review of the tendering policy, enquiring of any tenders completed in the period and completing a review of tenders completed for the appropriate documentation and authorisation;
- Enquiries of management of new leases in the period, ensuring they are entered into in line with the financial handbook policies;
- Review of the School's website for the correct disclosure of governance information in line with ESFA guidelines;
- Performing a review of the Business Continuity Plan in place by the School.

### **Conclusion**

In the course of our work, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Matter 1:** Details of the relevant business and pecuniary interests of its members and trustees are not published on the academy's website (as per Academies Financial Handbook 2.10.1)

**Matter 2:** The academy has purchased alcohol using school funds (as per Accounts Direction 2018/19 Annex B 1.22)

BDO LLP

Nicholas Simkins (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Two Snowhill  
Queensway  
Birmingham  
B4 6GA

Date: 18/12/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of Financial Activities**  
*for the year ended 31st August 2019*

		Unrestricted General Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	<i>Note</i>	£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>						
<i>Donations and capital grants</i>	3	-	56	-	56	2,435
<i>Charitable activities:</i>						
Funding for the School's educational operations	4	-	5,214	-	5,214	4,825
Other trading activities	5	128	-	-	128	110
<b>Total Income</b>		<u>128</u>	<u>5,270</u>	<u>0</u>	<u>5,398</u>	<u>7,370</u>
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
School educational operations	6	102	5,279	1,159	6,540	6,200
<b>Total Resources Expended</b>		<u>102</u>	<u>5,279</u>	<u>1,159</u>	<u>6,540</u>	<u>6,200</u>
<b>Net income for the year</b>		26	(9)	(1,159)	(1,142)	1,170
Transfers between funds		-	-	-	-	-
<b>Other recognised gains/(losses):</b>						
Actuarial (losses)/gains on defined benefit pension schemes		-	(167)	-	(167)	133
<b>Net movement in Funds</b>		<u>26</u>	<u>(176)</u>	<u>(1,159)</u>	<u>(1,309)</u>	<u>1,303</u>
<b>Reconciliation of Funds</b>						
Total Funds on 1 September		210	(9)	21,711	21,912	20,609
Total Funds carried forward at 31 August		<u>236</u>	<u>(185)</u>	<u>20,552</u>	<u>20,603</u>	<u>21,912</u>


## Balance Sheet

as at 31st August 2019

	Note	2019 £'000	2018 £'000
<b>Fixed Assets</b>	12	20,423	21,421
<b>Current Assets</b>			
Debtors	13	623	139
Cash at bank and in hand		1,406	1,320
		<u>2,029</u>	<u>1,459</u>
<b>Liabilities</b>			
Creditors : Amounts falling due within one year	14	(1,109)	(593)
		<u>920</u>	<u>866</u>
<b>Net Current Assets</b>			
Defined benefit pension scheme liability	22	(739)	(375)
		<u>20,603</u>	<u>21,912</u>
<b>Net Assets</b>			
		<u>20,603</u>	<u>21,912</u>
<b>Funds of the Academy Trust:</b>			
<b>Restricted Income Funds</b>			
Fixed asset fund		20,552	21,711
General fund		554	366
Pension reserve		(739)	(375)
		<u>20,367</u>	<u>21,702</u>
<b>Total Restricted Funds</b>			
		<u>20,367</u>	<u>21,702</u>
<b>Unrestricted Income Funds</b>		236	210
<b>Total Funds</b>	15	<u>20,603</u>	<u>21,912</u>

These financial statements on pages 19 to 31 were approved by the governors, and authorised for issue on 11th December 2019 and are signed on their behalf by:

Signed



Professor J Bale  
Chair of Governors

## Cash Flow Statement

for the year ended 31st August 2019

	<i>Note</i>	<b>2019</b> <b>£'000</b>	2018 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	<i>16</i>	<b>246</b>	2,841
Cash flows from investing activities	<i>17</i>	<b>(160)</b>	(2,449)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>86</b>	392
Cash and cash equivalents at 1 September 2018		<b>1,320</b>	928
<b>Cash and cash equivalents at 31 August 2019</b>	<i>18</i>	<b>1,406</b>	1,320



## Notes to the Financial Statements

### 1 General Information

The University of Birmingham School is a private limited company, limited by guarantee, incorporated in England and Wales and domiciled in England. The company registration number is 07960887 and the registered office is The University of Birmingham School 12 Weoley Park Road, Selly Oak, Birmingham, B29 6QU.

### 2 Statement of Accounting Policies

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

#### *Basis of preparation*

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The functional and presentational currency of the company during the year was sterling (£) and the accounts are rounded to the nearest one thousand.

#### *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.

After making appropriate enquiries, the Governing Body is confident that it has adequate resources to continue in operational existence for the foreseeable future. This assessment is based upon known income and expenditure, levels of reserves held, its continued ability to recruit pupils / students and staff together with the strength of its Members and Trustees. The School maintains a comprehensive Risk Register with identified risks mitigated wherever possible. For this reason it continues to adopt the going concern basis 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.

Registered number 07960887

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

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

#### *- Donations*

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

#### *- Other income*

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

#### *Expenditure*

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

#### *- Charitable activities*

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

All resources are inclusive of irrecoverable VAT.

#### *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 for main building/over 43 years for OLRC building
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.

#### *Debtors*

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

#### *Cash at bank and in hand*

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

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

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

#### *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.

#### *Operating Leases*

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

#### *Financial Instruments*

The School only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the School and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the University of Birmingham are held at face value less any impairment.

#### *Taxation*

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

#### *Pensions benefits*

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

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

#### *Pensions benefits*

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.

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

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

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

Pension costs are accounted for as restricted expenditure, to align them with the associated payroll costs. Likewise, pension liabilities are recognised within restricted funds.

#### *Fund accounting*

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

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

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

#### *Agency arrangements*

The academy trust acts as an agent in distributing 16-19 bursary funds from 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

The depreciation rates used to determine the charge for the year have been determined based on the Trustees' estimate of the useful economic life of the academy trust's assets or the length of the long term lease arrangements that the property is held under. To assist in their estimation of useful economic lives, the Trustees have reviewed the depreciation rates utilised by other academy trusts.

Generally accruals are based on invoices or communications received from the supplier after the year end. When no such documentation is available management estimate the liability based on prior year experience and any other information that they have available.

Judgements are continually evaluated and are based on SORP and ESFA guidance, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and areas of judgement (continued)*

The main areas where critical accounting judgements are applied and where there is estimation uncertainty are in relation to deferred and accrued income.

### 3 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
The University of Birmingham:				
Transfer of Leasehold	-	-	-	2,310
Other donations	-	56	56	125
	-	56	56	2,435

## Notes to the Financial Statements (continued)

### 4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Department of Education:				
General annual grant	-	4,338	4,338	3,767
Other DFE grants	-	342	342	462
Other government grants:				
Local authority grants	-	116	116	131
Other income from the academy trusts educational operations	-	418	418	465
	<u>-</u>	<u>5,214</u>	<u>5,214</u>	<u>4,825</u>

### 5 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	56	-	56	40
Trips/Music	67	-	67	71
VAT Write off	5	-	5	-
	<u>128</u>	<u>-</u>	<u>128</u>	<u>110</u>

### 6 Expenditure

	Staff Costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's Educational Operations:					
Direct costs	3,066	317	565	3,948	3,803
Allocated support costs	1,098	1,233	261	2,592	2,397
	<u>4,164</u>	<u>1,550</u>	<u>826</u>	<u>6,540</u>	<u>6,200</u>
Net income/(expenditure) for the period includes:				£'000	£'000
Depreciation				1,158	1,127
Fees payable to auditor for: audit				14	12

### 7 Charitable activities

	Educational Operations £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>			
Teaching & educational support staff costs	3,066	3,066	2,632
Educational resources	518	518	635
Staff development	31	31	25
Premises	332	332	426
Other direct costs	39	39	54
	<u>3,986</u>	<u>3,986</u>	<u>3,772</u>
<b>Allocated support costs</b>			
Support staff costs	1,098	1,098	920
Recruitment and support	27	27	37
Maintenance & improvement	59	59	114
Administrative supplies	120	120	104
Start up costs	1	1	13
Other support costs	43	43	68
Depreciation	1,159	1,159	1,127
Governance costs	47	47	45
	<u>2,554</u>	<u>2,554</u>	<u>2,428</u>
<b>Total Direct and Support Costs</b>	<u>6,540</u>	<u>6,540</u>	<u>6,200</u>

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

### 8 Governance costs

	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Auditor's remuneration:			
Audit of financial statement	14	14	12
	<u>14</u>	<u>14</u>	<u>12</u>

### 9 Staff

	2019 £'000	2018 £'000
<b>a. Staff costs</b>		
Wages and salaries	3,020	2,474
Social security costs	307	249
Operating costs of defined benefit pension schemes	457	615
	<u>3,784</u>	<u>3,338</u>
Supply teacher costs	104	149
	<u>3,888</u>	<u>3,487</u>
<b>b. Staff numbers</b>		
The average number of persons employed by the School during the period was as follows:	No.	No.
Teachers	52	42
Administration and support	37	32
Management	6	6
	<u>95</u>	<u>80</u>
<b>c. Higher paid staff</b>		
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:	No.	No.
£60,001 - £70,000	1	1
£80,000 - £90,000	1	1
£100,000 and higher	1	1
	<u>3</u>	<u>3</u>

The key management personnel of the School comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key personnel for their services to the School was £514k. (2018: £535k).

### 10 Trustees' remuneration and expenses

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

E Bryant (staff governor)

Remuneration £40,001 - £50,000 (2018: £40,001 - £50,000)

Employer's pension contributions paid £5,000 - £10,000 (2018: £5,000 - £10,000)

D Ashmore (staff governor)

Remuneration £40,001 - £50,000 (2018: £40,001 - £50,000)

Employer's pension contributions paid £5,000 - £10,000 (2018: £5,000 - £10,000)

During the period ended 31 August 2019, travel and subsistence expenses totalling £123 were reimbursed to 1 trustee (2018: £253 to 2 trustees).

### 11 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 2019 was £18,177 (2018: £13,639).

## Notes to the Financial Statements (continued)

### 12 Tangible fixed assets

	Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>				
At 1 September 2018	23,492	202	927	24,621
Additions	-	19	141	160
<b>At 31 August 2019</b>	<b>23,492</b>	<b>221</b>	<b>1,068</b>	<b>24,781</b>
<b>Accumulated Depreciation</b>				
At 1 September 2018	2,595	122	483	3,200
Depreciation for Year	901	44	213	1,158
<b>At 31 August 2019</b>	<b>3,496</b>	<b>166</b>	<b>696</b>	<b>4,358</b>
<b>Net Book Value</b>				
<b>At 31 August 2019</b>	<b>19,996</b>	<b>55</b>	<b>372</b>	<b>20,423</b>
At 31 August 2018	20,897	80	444	21,421

### 13 Debtors

	2019 £'000	2018 £'000
Amount owed by Parent undertaking	418	-
VAT recoverable	109	19
Prepayments and accrued income	96	120
	<b>623</b>	<b>139</b>

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

	2019 £'000	2018 £'000
Amount owed to Parent undertaking	711	347
ESFA Creditor: abatement of GAG	306	79
Accruals and deferred income	93	167
	<b>1,109</b>	<b>593</b>
	2019 £'000	2018 £'000
Deferred income at 1 September 2018	54	-
Released from previous years	(54)	-
Resources deferred in the year	20	54
Deferred income at 31 August 2019	<b>20</b>	<b>54</b>

At the balance sheet date the School was holding funds £20k (2018: £54k) received in relation to trips and funding due to take place after 31 August 2019.

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

**15 Funds**

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Unrestricted funds</b>					
Unrestricted general funds	210	128	- 102	-	236
<b>Total unrestricted funds</b>	<b>210</b>	<b>128</b>	<b>- 102</b>	<b>-</b>	<b>236</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	366	4,337	(4,150)	-	554
Pupil premium	-	220	(220)	-	0
Other grants	-	712	(712)	-	-
Defined benefit pension scheme	(375)	-	(197)	(167)	(739)
<b>Total restricted funds</b>	<b>(9)</b>	<b>5,269</b>	<b>(5,279)</b>	<b>(167)</b>	<b>(185)</b>
<b>Restricted fixed asset funds</b>					
ESFA capital grants	17,405	-	(901)	-	16,504
Other capital grants	4,306	-	(258)	-	4,048
<b>Total restricted funds</b>	<b>21,711</b>	<b>-</b>	<b>(1,159)</b>	<b>-</b>	<b>20,552</b>
	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Unrestricted funds</b>					
Unrestricted general funds	100	110	-	-	210
<b>Total unrestricted funds</b>	<b>100</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>210</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	247	3,767	(3,648)	-	366
Pupil premium	-	170	(170)	-	-
Other grants	-	1,014	(1,014)	-	-
Defined benefit pension scheme	(266)	-	(242)	133	(375)
<b>Total restricted funds</b>	<b>(19)</b>	<b>4,950</b>	<b>(5,073)</b>	<b>133</b>	<b>(9)</b>
<b>Restricted fixed asset funds</b>					
ESFA capital grants	16,306	-	(901)	-	17,405
Other capital grants	2,222	2,310	(226)	-	4,306
<b>Total restricted funds</b>	<b>20,528</b>	<b>2,310</b>	<b>(1,127)</b>	<b>-</b>	<b>21,711</b>

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

**Restricted general funds**

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

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

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

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

**Restricted fixed asset funds**

**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 2019.



## Notes to the Financial Statements (continued)

### 16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted General Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 Funds £'000
Fixed assets	-	-	20,423	20,423
Current assets	338	758	932	2,028
Current liabilities	-	(306)	(803)	(1,109)
Pension reserve	-	(739)	-	(739)
<b>Total net assets</b>	<b>338</b>	<b>(287)</b>	<b>20,552</b>	<b>20,603</b>

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

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

	2019 £'000	2018 £'000
Net expenditure	(1,142)	1,170
Depreciation	1,159	1,127
Decrease in Debtors	(484)	66
Increase in Creditors	517	236
Defined benefit pension scheme finance cost	197	242
<b>Net cash outflow from operating activities</b>	<b>246</b>	<b>2,841</b>

### 18 Capital expenditure

	2019 £'000	2018 £'000
Purchase of tangible fixed assets	(160)	(2,449)
<b>Net cash outflow from capital expenditure</b>	<b>(160)</b>	<b>(2,449)</b>

### 19 Analysis of changes in cash and cash equivalents

	2019 £'000	2018 £'000
Cash in hand and at bank	1,406	1,320

### 20 Financial Commitments

#### Leasing Commitments

At 31 August 2019 the company had future commitments under non cancellable operating leases as set out below:

	2019 £'000	2018 £'000
<b>Photocopier</b>		
Due within one year	4	5
Due between one and five years	10	17
Due after five years	-	-
	<b>14</b>	<b>22</b>

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

### 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.

#### 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 16.40% of pensionable pay (including a 0.08% employer administration charge), these contributions will increase to 23.60% in September 2019.
- total scheme liabilities (pensions currently in payments and the estimated cost of future benefits) for service to the effective date of £191,500 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176.600 billion giving a notional past service deficit of £15,000 billion
- 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 £341k (2018: 281k).

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 2019 was £161,958, of which employers contributions totalled £114,707 and employees' contributions totalled £47,251. 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.

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

### 22 Pension and similar obligations (*continued*)

Local Government Pension Scheme	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.65%	3.80%
Rate of increase for pensions in payment/inflation	2.15%	2.30%
Discount rate for scheme liabilities	1.90%	2.70%

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 2019	At 31 August 2018
<i>Retiring today</i>		
Males	20.9	21.9
Females	23.2	24.4
<i>Retiring in 20 years</i>		
Males	22.6	24.1
Females	25.1	26.7

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

	Fair Value at 31 August 2019 £'000	Fair Value at 31 August 2018 £'000
Equities	336	231
Government bonds	53	26
Other bonds	21	14
Cash/liquidity	20	14
Property	46	30
Other	83	51
<b>Total market value of assets</b>	<b>559</b>	<b>366</b>

The actual return on scheme assets was £30,000 (2018: £3,000).

Amount recognised in the statement of financial activities	2019 £'000	2018 £'000
Current service cost (net of employee contributions)	303	332
Net interest cost	9	5
<b>Total operating charge</b>	<b>312</b>	<b>337</b>

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

	2019 £'000	2018 £'000
<b>At 1 September</b>	<b>741</b>	<b>486</b>
Current service cost	275	332
Interest cost	21	13
Change in financial assumptions	250	(138)
Change in demographic assumptions	(65)	-
Employee contributions	48	48
Past service costs, including curtailments	28	-
<b>At 31 August</b>	<b>1,298</b>	<b>741</b>

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

	2019 £'000	2018 £'000
<b>At 1 September</b>	<b>366</b>	<b>220</b>
Interest income	12	8
Return on plan assets (excluding net interest on the net defined pension liability)	18	(5)
Employer contributions	115	95
Employee contributions	48	48
<b>At 31 August</b>	<b>559</b>	<b>366</b>

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

### 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.

Owing to the nature of the company 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Details of certain trustees' remuneration and expenses are disclosed in note 9. The University of Birmingham, a member of the company, provided a revenue grant of £418k (2018: £452k) and received maintenance and enrichment costs of £269k (2018: 156k) during the year.

### 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 2019 the trust received £29,502 and disbursed £27,725 from the fund. An amount of £1,777 is included within other creditors relating to undistributed funds that is repayable to the ESFA.