

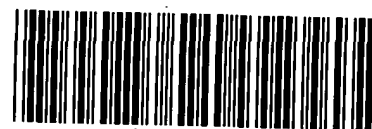
ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2015

THURSDAY



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COMPANIES HOUSE

Company Limited by Guarantee
Registration Number: 07166427
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS**Trustees**

A Barkass-Williamson (Parent Governor until 9 January 2015)
 C Barve (appointed by Birmingham City Council until 9 January 2015)
 Professor B Birgisson # (Sponsor Governor from 1 July 2014)
 V Bragg (Co-opted Governor until 28 April 2015)
 V Burgess (Parent Governor until 30 April 2015)
 M Carter (Vice-Chair & Co-opted Governor until 31 December 2014)
 J Chambers # (Co-opted Governor from 24 March 2015)
 R Fekete # (Sponsor Governor from 1 June 2015)
 Professor A Halstead (Chair & Sponsor Governor until 30 April 2014)
 P Harper (Sponsor Governor from 1 August 2012)
 L Kilgour (Principal Ex Officio to 14 August 2015)
 T Linton (Parent Governor from 9 January 2015)
 D Locke-Wheaton (Staff Representative from 9 January 2015 and
 Principal Ex Officio from 14 August 2015)
 K Millatt (Sponsor Governor until 31 May 2015)
 N Scott (Chair & Sponsor Governor from 1 March 2015)
 J Seymour (Sponsor Governor from 1 August 2012)
 J Tyrrell # (Sponsor Governor from 1 August 2012)
 L West (Vice-Chair from 1 January 2015 & Co-opted Governor from
 1 August 2012)

members of the Leadership & Finance Forum, which includes the
 remit of an audit committee

Company Secretary

J Walter

Senior Leadership Team:**Principal**

L Kilgour (to 14 August 2015)
 D Locke-Wheaton (from 14 August 2015)

Vice Principal

D Locke-Wheaton (to 14 August 2015)

Assistant Principal

R Acton

Assistant Principal

R Sorsby

Business Manager

A Kaye

SENCO

R Richardson

Principal and Registered Office

Aston University Engineering Academy Birmingham
 1 Lister Street
 Birmingham
 West Midlands
 B7 4AG

Company Registration Number

07166427

Independent Auditor

UHY Hacker Young (Birmingham) LLP
 9-11 Vittoria Street
 Birmingham
 B1 3ND

Bankers

Lloyds TSB
 125 Colmore Row
 Birmingham
 B3 3SF

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2015.

The company was formed on 23 February 2010 and the academy opened in September 2012.

Aston University Engineering Academy is a mixed 14-19 University Technical College, specialising in engineering and science, situated in Birmingham city centre, adjacent to the Aston University campus. Our mission statement is "Engineering and science excellence for 14-19 year olds in Birmingham". The number of students on roll is projected to reach 600 students by 2016/17. This is our capacity admission number: 120 in Years 10 and 11 and 140 in Years 12 and 13. Applications are increasing year on year and so student recruitment shows a good growth trajectory.

As at the October census date, the number of students on roll for 2013/14 to 2015/16 is:

Year	Year 10	Year 11	Year 12	Year 13	Year 14	Total	Increase
2013/14	85	59	100	57	-	301	-
2014/15	105	77	123	73	-	378	+ 26%
2015/16	113	110	143	94	11	471	+ 25%

Students are admitted at 14 through a coordinated admissions process with Birmingham City Council. The UTC is non-selective and students apply to transfer to AUEA during year 9 from schools across Birmingham and in some cases outside the city boundaries. Research evidence (IDACI) confirms that 48% of pupils currently reside in the UK's poorest 10% of postcode areas.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The academy trust is a company limited by guarantee with no share capital (Registration Number: 07166427) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Aston University Engineering Academy Birmingham Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Aston University Engineering Academy Birmingham.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

Each member of the charitable company undertakes to contribute 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 they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Aston University Engineering Academy Birmingham has in place Directors and Trustees liability insurance indemnity cover to a limit of £1m.

Method of Recruitment and Appointment or Election of Trustees

The constitution of the Board of Trustees is as follows:

Up to 6 Aston University Governors
1 Local Authority Governor
2 Parent Governors

1 Staff Governor
Up to 3 Co-opted Governors
The Principal

The Vice Chancellor of Aston University appoints the Aston University Trustees. This is as ex officio Governors.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The Board of Trustees makes all necessary arrangements for, and determines all other matters relating to, the election of the Staff Governor and Parent Trustees.

Parent Trustees are elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy during their term of office; similarly a Staff Trustee must be a member of staff at the Academy during their period of office.

Trustees can also appoint up to 3 Co-opted Trustees. Those who can be involved in this appointment are Trustees who have been appointed via the Sponsor, LA, parents etc. A Co-opted Trustee, however, is not eligible to be involved in the appointment of another Co-opted Trustee. With the exception of the appointment of Co-opted Trustees, all Co-opted Trustees have the same level of authority as any other Trustee. Co-opted Trustees are usually appointed because of their expertise in a particular area.

The term of office for all Trustees is 4 years, except for the Principal, who will remain a member of the Board of Trustees whilst they serve in this capacity and that the term of office for Co-opted Trustees shall be 12 months, to be reviewed annually. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Board of Trustees believes that in order to fulfil its responsibilities effectively, it is essential that each member is committed to a shared vision for the Academy and that the Board of Trustees is working well as a team to achieve this. To help new Trustees to feel able to take an active part within the Board of Trustees and be valued as an equal member of the team, new Trustees undergo a period of planned support to introduce them to their new role. The Board of Trustees ensures that the following steps are taken:

- a) The Chair of Trustees sends a letter welcoming the new Trustee to the team and offering them the opportunity to meet before the first formal Board of Trustees meeting.
- b) The Principal invites the new Trustee to visit the Academy and experience its atmosphere and understand its ethos and receive an informal briefing on the Academy from the Principal to explain the partnership between the Principal, AUEA and Board of Trustees.
- c) When a new Trustee attends their first meeting, the Chair of Trustees welcomes them and introduces them to the other Trustees. Trustees are asked to introduce themselves and describe any particular interests/experience they have and the new Trustee is given the opportunity to say something about himself/herself.
- d) The new Trustee is invited to join a relevant forum or forums. If they wish, they can be given the opportunity to attend and observe forum meetings before making a decision about which forums they might like to join.
- e) A link Trustee is appointed to take responsibility for inducting every new Trustee.

All Trustees are issued with a copy of the Trustees Handbook which provides a wide range of information and guidance relating to the governance of the Academy. Trustees are also requested to complete the on-line EduCare/NGA First Certificate in Governance to ensure that they have grounding in the role of an Academy Trustee. The Academy also subscribes to the National Trustees Association (NGA) (Gold Membership) which enables Trustees to access a range of useful NGA online materials and conferences/meetings held on topical issues.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015**Organisational Structure**

The Articles of Association set out the arrangements for the governance and management of the Academy. The Board of Trustees and its Strategy Forums monitor the performance of the Senior Leadership Team and assure and enhance the quality and standards of teaching and learning, as well as monitoring and enhancing the quality of the pupil experience, and ensuring the safety and well-being of staff and students. The Senior Leadership Team supports the Principal in providing strategic leadership and management to ensure that the Academy remains a financially and academically successful institution, operating in accordance with the strategic goals, policies and processes approved by the Board of Trustees.

The Board of Trustees normally meets once in each of the three academic terms. The Board has established a framework for the governance of the Academy and agrees membership of its strategy forums and other statutory committees and panels. It receives reports, and policy documents, from its Strategy Forums for ratification. It monitors the activities of the Forums through the minutes of their meetings. It also establishes and reviews their terms of reference and procedures. The Board of Trustees may also, from time to time, establish task groups to perform specific tasks over a limited timescale. The Board aims to ensure that the leadership and governance of the AUEA is strategic, highly effective and geared towards 'outstanding'.

The governance framework supports the following key principles:

- Trustees work as an effective team and understand their accountability and the part they play in the strategic leadership of the Academy and in driving Academy improvement;
- Trustees with the necessary skills are appointed to the governing body and tasks are delegated so that all members contribute, feel that their individual skills, knowledge and experience are well used and that the overall work load is shared;
- The Board of Trustees provides support, challenge and encouragement to the Principal and Senior Leadership Team;
- Ensuring Academy improvement is the focus of all policy and strategy and that Trustee monitoring reflects Academy improvement priorities;
- Ensuring that statutory requirements and regulations are met, that the Academy provides value for money in its use of resources and that governing body business is conducted efficiently and effectively.

There are three Strategy Forums as follows:

- The Leadership and Finance Forum (LFF) which meets at least three times a year. Its primary purpose is to review and agree the key finance, resource and organisational matters of the Academy, and to act as an Audit Committee.
- The Learning and Teaching Forum (LTF) meets at least three times a year. The primary purpose of the Forum is to set and support the Senior Leadership Team in ensuring that the majority of teaching is outstanding and results in high levels of attainment and progression of pupils, through the development and delivery of innovative and employer enabled curriculum.
- The Learner Development Forum (LDF) meets at least three times a year. The primary purpose of the Forum is to advise and support the Senior Leadership Team to develop outstanding and aspirational approaches for the overall care, guidance and support of students in AUEA.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The governance framework is aligned to the four key judgments from the OfSTED inspection framework as follows:

OfSTED Judgement	The behaviour and Safety of pupils at the school	The quality of leadership and management at the school	The achievement of pupils at the school. The quality of teaching at the school	The overall effectiveness of the school
Strategy Forum	Leader Development Forum	Leadership and Finance Forum	Learning and Teaching Forum	Full Board of Trustees
SLT Representative	Assistant Principal – Learner Development	Principal Business Manager	Vice Principal Assistant Principal – Curriculum and Assessment	Principal

The Board of Trustees has responsibility for the following areas: to determine any proposals for the alteration, closure or change of category of the Academy; to amend the constitution of the Governing Body; to appoint or remove the Chairman and/or Vice Chairman; to appoint the Secretary to the Trustees; to suspend Trustees; to determine the ethos of the school; to delegate specific responsibilities to any Trustee, Forum, Committee, the Principal or other holder of an executive office, and to determine and review annually the terms of reference, constitution and membership of all Forums and Committees; to publish an annual prospectus; to decide school session times and dates of school terms and holidays; to make arrangement for staff dismissal appeals; to set up panels for the selection of the Principal; to develop, monitor and review the Academy's Freedom of Information Publication Scheme; to approve the annual Development Plan and to monitor the annual Register of Interests.

The Board of Trustees and its Leadership and Finance Forum reviews the Academy's strategic risk register at regular intervals. The Board has reviewed the major risks, focusing on operational, financial, governance, compliance and reputational risk, and received reports on the steps taken by the Academy to mitigate likely risks. The Board of Trustees is satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised, however, that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Principal also regularly presents Key Performance Indicators (KPIs) to the Board of Trustees to enable it to monitor the progress of the Academy against its strategic targets.

The Principal is the Accounting Officer as required by the Funding Agreement with the Department for Education. The Principal is supported by the Senior Leadership Team. The Deputy Principal assists the Principal in the management of the Academy and acts as his deputy. The Assistant Principals are senior appointees who assist the Principal in specific areas of the work of the Academy, including the delivery of the institutional strategic objectives. The Senior Leadership Team (SLT) manages the Academy Trust at an executive level, implement the policies laid down by Trustees and report back to them. The SLT is responsible for developing and implementing the Academy's plans that seek to deliver the best possible outcomes for its students within the agreed budget and scheme of delegation approved by Trustees.

Connected Organisations including Related Party Relationships

Aston University is the sponsor of Aston University Engineering Academy Birmingham. Mr. J Seymour sits on the exam board of OCR. He is also a director, with Daniel Locke-Wheaton, of Titan Partnership Ltd

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015**OBJECTIVES AND ACTIVITIES****Objectives and Aims**

The principal objectives and activity of the Aston University Engineering Academy Birmingham are to provide education for pupils of different abilities between the ages of 14 and 19 with an emphasis on engineering and science. UTCs integrate technical, practical and academic learning and create an environment where students can thrive and develop the abilities that industry needs. To do this as a UTC we:

- focus on specialisms of engineering and science
- work closely with employers and Aston University to develop and deliver our curriculum
- provide essential academic education and relates this to the technical specialisms
- have the latest equipment and technology used by industry
- dedicate at least 40% of time to the technical specialism including design and building, working in teams and problem solving.

By working with a university and local employers, AUEA (UTC) students benefit from access to:

- the latest research, industry experts and specialist facilities
- real-life employer projects that stretch their technical skills and creative thinking
- teaching and mentoring from specialists who currently work in industry.

In accordance with the articles of association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should align itself with the substance of the national curriculum, the University Technical College vision and the specialisms of engineering and science.

Principal Activities

The principal activity of the Academy, as set out in the Articles of Association, is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to engineering, manufacturing, business and enterprise.

Objectives, Strategies and Activities

Aston University Engineering Academy will be nationally recognised as a centre of excellence in providing the very best engineering and technical education for successful and rewarding careers. The Academy will achieve this by:

- Working in partnership with its students, their parents, the University, regional and national employers, the professional bodies, local schools and the community;
- Having high aspirations and expectations of its staff and students in both professional and personal development;
- Fostering values that equip students for success;
- Providing every student with an industrial sponsor, a university student mentor and a personalized pathway through and beyond the Academy;
- Creating an inspirational learning community within which everyone is empowered to be a learner, a teacher and a leader;
- Developing and delivering a challenging and innovative employer led curriculum that is applied and focused on the industrial and business world to prepare students for employment, apprenticeships or higher education;
- Involving staff and students in the continuous improvement of life in the Academy, through reflection, research and publication of practice.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

This will be achieved through close collaboration and in partnership with staff, parents, our local community, other educational establishments and our key stakeholders. The Academy will ensure that children and young people achieve in their learning and in their chosen progression pathways post 16.

Underpinning this vision is a set of core beliefs and values that:

- Resilience
- Reciprocity
- Reflectiveness
- Resourcefulness
- Respectfulness
- Readiness
- Role Model

Curriculum

The curriculum meets the requirements of a University Technical College. It is designed to blend academic and technical learning, focusing on engineering and science. All students study PE and leadership and personal development.

Keystage 4

All students study GCSEs in mathematics, English, Science (separate sciences or dual award dependent on ability), D&T Product Design or Electronics and one from History, Computer Science and French. City and Guilds Level 2 Certificate in Engineering, BTEC Level 2 Certificate in Engineering,

Keystage 5

2 distinct pathways are available;

- Pathway 1 – Academic:
All students study A Level maths and physics. They choose a further 2 A Levels from chemistry, biology, business studies, English, product design, further maths and PE.
- Pathway 2 – Technical:
Students study BTEC Level 3 Engineering and / or BTEC Level 3 Applied Science. BTEC study is combined flexibly with A Level study to meet student needs.

Equal Opportunities Policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities in all areas of its activities including creating a workplace environment in which the contribution and needs of all people are fully valued.

Disabled Persons

The Trustees recognise their responsibility under disability legislation in relation to disabled students and employees and accessibility, in order to ensure that disabled students and employees do not receive less favourable treatment. The policy of the Academy is to support the recruitment and retention of pupils and employees with disabilities by making resources available and through training and career development, and supports this by adapting the physical environment where practicable and reasonable.

Public Benefit

The principal object of the company is to operate Aston University Engineering Academy Birmingham to advance for public benefit, for pupils of different abilities between the ages of 14 and 19, with an emphasis on engineering. The Trustees confirm that they have referred to the Charities Commission general guidance on public benefit when establishing the Academy's aims and objectives.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015**Achievements and Performance**

Aston University Engineering Academy (AUEA) is in only its fourth year since opening and was inspected by OfSTED in June 2014 and was judged to be GOOD in all categories.. The full inspection report can be seen at <http://www.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/138222>. However the summary of key findings for parents and pupils are as follows:

- Attainment is improving strongly as a result of the good progress students make.
- The academy has ensured there is no difference in the attainment of students eligible for pupil premium funding and those that are not.
- Teachers' expectations are high and therefore the large majority of students experience lessons that are challenging. Teaching is good.
- Lessons are strongly linked to the types of activity students are likely to encounter in the workplace, including substantial use of computer-based technology.
- Effective arrangements are made to ensure students are safe.
- Students participate in high quality work experience.
- All students benefit from participation in interesting enrichment activities that take place after the normal academy day.
- The very large majority of students behave well in lessons and around the academy.
- Leaders, including the governing body, have accurately identified all the issues that need to be addressed in order to further improve.
- The sixth form is good. Students progress well across a range of study programmes.

Our significant specialisms are engineering and science and we work to develop a significant passion for these areas supported by our learner charter and core values. In addition we are able to provide a wide variety of enrichment activities as part of the extended day and a good range of trips and visits to places of historical, geographical and cultural interest. Our pupils are able to use imagination and creativity as shown in their design work in engineering subjects, English and MFL. Our pupils have a very strong sense of right and wrong and are rewarded for their positive demonstration of the 7Rs. Pupils are encouraged to articulate their feelings and justify them in both informal and formal meetings as part of the learning review process and are given responsibility and trust to develop their confidence.

Celebrating achievement and encouraging pupils to have the confidence to undertake difficult tasks and have a wide range of experiences is a key part of the role of our Learner Development team. Our ethos and the vertical tutoring system supports adults and older pupils in the school to act as role models for younger pupils. AUEA staff and pupil bodies are multi ethnic and as such AUEA has worked extremely hard to develop an inclusive ethos, and our commitment to equality of opportunity underpins everything that we do. We have a low occurrence of racist incidents and our pupils are strong in challenging racism. We work hard to develop our students to know how to act responsibly, and support them in becoming more independent as they grow older while knowing the value and importance of making a positive impact on the lives of other people. Examples are as follows:

- Enrichment curriculum, D of E, languages (Mandarin and German), Young Enterprise, STEM challenges – F1, 4x4 challenge, VEX robotics, EES, Sports Leaders and sports
- Educational trips and visits through industrial and university partners
- Effective CEIAG programme including UCAS support, careers fair, employer led opportunities, personal development curriculum
- Sports teams in rugby, football and basketball
- Leonardo mobility project with Austrian Technical school
- Opportunities are available for students to be involved in STEM community support eg TITAN gaming, Primary Engineer, Jaguar Primary Challenge, F1 in Schools, VEX robotics

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

Recommendations to further develop the provision as a result of the visit are:

- Make greater use of teaching assistants to ensure they are used effectively, for instance to promote students' communication skills.
- To ensure that more-able students are always challenged sufficiently.
- To improve the transition from secondary schools into Year 10 ensuring it is effective for all students, including those with special educational needs.
- To ensure that attention is given to the development of positive links with parents, including through the use of 'Parent View'.

Key Financial Performance Indicators

	2015	2014
Pupil numbers	378	301
Staff costs as a % of revenue income received from EFA	84.0%	83.5%
Staff costs as a % of total costs	65.9%	61.9%
Capital expenditure per pupil	£153	£43
Teaching Staff : Pupil Ratio	1 : 13.03	1 : 11.57

Going Concern

After making appropriate enquiries, the governors consider that the Academy Trust 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. However, the assessment made regarding Going Concern is set out on page 29 and this indicates there is a material uncertainty that may cast significant doubt on the Academy Trust's ability to continue as a going concern in the longer term.

Financial Review

The income resources for the year of £2,526k (2014: £2,236k) consist of revenue grants of £2,430k from the EFA, including Start-up funding of £136k and £89k of Pupil Premium, £8k from Birmingham City Council for SEN support, EU and British Council-funded project grants of £44k, £19k for Apprenticeship training, an EFA capital grant of £4k, voluntary income of £4k, bank interest of £1k and sales and other income from ancillary non-for-profit school activities of £16k (including income from Birmingham E-Learning Foundation from the schemes for student iPads). The 82% increase in Pupil Premium income reflects the high concentration of inner-city pupils at AUEA, which is also factored into the EFA general grant calculations.

The EFA revenue grants include a reduction of £291k (£2014: £299k) due to adjustment to funding received on an estimated pupil basis for 2014/15 (PNA). The late notification of unexpected PNA for 2013/14 in mid-July 2014 was problematic as the Academy had been performing to a budget during the year that could not be amended and the board of trustees had also approved a 2014/15 budget for which staff had been recruited to deliver the curricular commitment. When the Academy reaches admissions closer to its planned capacity, EFA funding will be based on prior year actuals thus minimising the risk of such adjustments. Indeed, no PNA adjustment is currently anticipated for 2015/16 since funding was for 470 pupils in comparison with 471 on roll.

The expenditure of £3,103k (2014: £2,868k), detailed in Notes 7, 8 and 9, consists of educational costs £2,698k (£2,500k), depreciation £353k (£349k), non-educational cost-of-sales £40k (£8k) and governance costs of £12k (£11k). KPIs – as above – will improve significantly as pupil numbers grow.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

Financial Performance can best be measured with reference to the General Reserve excluding the movement in the Local Government Pension Scheme (LGPS) and the Unrestricted Reserves. The Restricted Fixed Asset Fund is also excluded. In the SOFA the Restricted General Reserve shows a deficit in the year of £285k (2014: £288k), which includes PNA and the LGPS pension deficit increase of £44k (2014: reduction of £1k). The total net deficit excluding the (non-cash) pension deficit of £282k (2014: £308k) includes elimination of the Unrestricted Reserve this year, where unrestricted elements are not material and income is insufficient to cover costs of subsidised activities such as staff car parking and uniform sales.

Notwithstanding the PNA, financial management at the Academy is strong. The Academy was on course to achieve a revenue net surplus of £21k in comparison with a forecast surplus of £26k, per the June 2015 forecast, in a year with an authorised budget surplus of £6k after £20k planned capital spend. However, it proved necessary in March 2015 to approve a further £35k for additional furniture and computers – of which £32k was spent – to achieve the vital classroom expansion from 20 to 25 pupils for 1 September 2015. This was the main factor in an actual overall deficit on the revenue account before PNA and pension scheme adjustments at 31 August 2015 of £9k, pupil premium income having risen to compensate in July 2015.

The Academy has also been on track to achieve a positive reserves position, excluding the Fixed Asset Reserve, by the end of 2015/16. The cost base has been rationalised to ensure expenditure within budget in 2015/16 while operational surpluses are confidently anticipated due to growth in student numbers beyond 550 pupils after 2015/16. However, the high pupil number adjustment to EFA grant income for 2013/14 and 2014/15 (PNA) during the start-up period will cause the Academy to continue in negative reserves for the foreseeable future. Since the EFA has agreed that PNA owed will not require repayment before 2018/19 (a letter of 5 May 2015), the combined sum of £590k is held as a Creditor Greater than 1 Year in the Balance Sheet.

In the meantime, Aston University has agreed to continue to support the Academy through flexible recharge payment terms to allow the Academy to retain sufficient cash to meet future obligations.

Financial and Risk Management Objectives and Policies

As an Academy funded directly by the Department of Education, funding streams are considered to be relatively secure, subject to achievement of pupil numbers, although the Trustees recognise government policy and overall funding levels represent an ongoing external risk to be managed.

The Trustees have a risk management strategy and policy which is reviewed on a regular basis. The Academy endeavours to manage its finances to ensure a healthy level of reserves sufficient to cover unforeseen circumstances and to use prudently as a part of its longer term financial plan.

The Academy's financial objective is to sustain strong finances with flexible resource management and excellent value for money:

- the Academy sets ambitious annual recruitment, income and surplus targets.
- it makes annual and longer term financial forecasts of income and expenditure.
- it maintains financial health through effective, consultative and transparent planning systems.
- it has adopted flexible financial planning to meet the development needs of the Academy.

Reserves

All the income and expenditure is accounted for in three Reserves. The net deficit across all three Reserves in the year was £599k (2014: £614k), further to the inclusion of PNA of £291k (2014: £299k).

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The General Reserve in which the educational activities are accounted has a deficit of £285k in the year (2014: deficit £289k), including the increase in LGPS deficit of £44k (2014: £22k), and a cumulative deficit of £702k (2014: £417k). This reserve can only be used to fund educational activities.

The Unrestricted Reserve is where fund raising and non-educational activities are accounted. It has a nil balance as at 31 August 2015 (2014: £19k). This reserve can be used for any purpose if the General Reserve is not in deficit and for this reason it has been expunged as at 31 August 2015.

The Fixed Asset Reserve is where the capital expenditure of the Academy is accounted. The movements on this reserve represent capital grant income of £4k, capital purchases of £58k and depreciation on fixed assets mostly gifted to AUEA on start-up. The net movement in the year is a deficit of £295k (2014: £324k) represented mainly by the £353k depreciation charge. This reserve can only be used to fund capital activities.

The Academy has no funds held on medium or long term deposit. At present, with interest rates historically low, cash is being retained in the Academy's current account which is free of charge and earns a small amount of interest.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. This policy will be reviewed in the year ending 31 August 2016. Investments are made with regard to Charity Commission guidance in relation to investments.

Principal Risks and Uncertainties

The Board of Trustees has established a risk management strategy and risk register and has assessed the risks impacting on the Academy.

The key financial risk that has been identified and is being monitored and managed, is failure to maintain strong financial health to support the development priorities of the Academy. This is being mitigated through the implementation and monitoring of the five-year plan agreed by the Board of Trustees, close monitoring and intervention on student numbers which influence the funding of the Academy, and high level financial guidance and support provided by the Academy's sponsor, Aston University. The SLT have implemented a number of improvements to internal control, especially in the operational areas and in relation to the control of finance, with advice and assistance from colleagues from the Finance Department of Aston University and from the External Auditor.

Maintaining high standards and excellent levels of student achievement are two of the Academy's key performance related risks, which are challenging given the diverse backgrounds of the pupil intake and the SLT, are taking positive action to mitigate these risks through close monitoring and appropriate interventions. Another risk highlighted is failure to recruit and retain staff with the appropriate skills and experience which is mitigated through the adoption of appropriate marketing of the Academy, effective staff induction and performance review processes and a staff benefits scheme.

Plans for Future Periods

AUEA is building on its most outstanding graduate destination results in 2015, with 84% of graduates at 19 years old entering higher apprenticeships or undergraduate degrees in engineering and science. AUEA continues to work towards its educational targets and the focus as defined in the Academy Development Plan to further the educational achievement of its students.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

These plans are essentially:

- 1.1: To embed effective middle leadership to develop the overall effectiveness of AUEA Leadership and Quality Assurance.
- 1.2: To embed strategies to develop the overall effectiveness of the Governing Body in monitoring, challenging and supporting the Principal in raising standards.
- 1.3: To re-establish AUEA UTC Ethos and reputation of why AUEA is different within the Birmingham Educational sector.
- 1.4: Establish a range of strategies to develop non EFA income streams.
- 1.5: To embed effective leadership of AUEA financial strategy and management systems, general accounting procedures and operation of the accounting system.
- 2.1: To establish AUEA as a HUB for STEM teaching and Learning within Birmingham.
- 2.2: To establish AUEA as a lead UTC within the BDT Network.
- 3.1: To embed strategies to ensure attainment in relation to 5 A*-C including English, Mathematics and Science and other measures reflects relevant KPI value.
- 3.2: To embed strategies to ensure all students are making better progress than all pupils nationally.
- 3.3: To embed strategies to ensure that targets are met in line with the Key performance Indicators e.g. 5 A*-C inc EMaSC: 100 % and A Level / BTEC targets.
- 3.4: To embed strategies to monitor specific groups of pupils so that 75% of pupils in these groups achieve at least in line with national averages for all pupils.
- 3.5: To embed strategies to ensure attainment at KS5 meets Key Performance Indicators.
- 4.1: To embed strategies to ensure that the number of lesson aspects deemed 'good' or better is never less than 80%. With 30% of aspects being outstanding.
- 4.2: To review strategies to ensure TEEP is embedded within the curriculum and teaching.
- 4.3: To embed the coaching and Peer collaboration and action research through Lesson Study.
- 4.4: To establish strategies to ensure extended attainment and progress of stretch students.
- 5.1: To embed strategies to ensure students' literacy and numeracy levels are wholly on target.
- 5.2: To embed strategies to ensure the AUEA curriculum maintains a balance of academic and technical skills enhanced by significant applied learning, industrial partner engagement and work placements.
- 5.3: To embed strategies to ensure a wide range of enrichment activities are available for all students, establishing success in STEM regionally.
- 6.1: To embed strategies to ensure high-quality record keeping.
- 6.2: To embed strategies to ensure the SENCO role and effective use of the LSC are developed to support individual needs.
- 6.3: To continue to embed opportunities for students to share their opinions about the work of AUEA.
- 6.4: To embed strategies to ensure students' attendance approaches 100%.

Funds held on behalf of others

The Academy administers the 16-19 years-old Bursary Fund on behalf of the EFA £25k (2014: £16k). It also collects and holds funds paid in advance of trips, events and activities, some of which are funded by grants. As these amounts are relatively small they are included in other creditors.

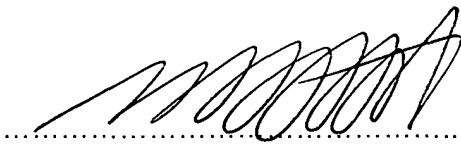
TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015**Auditor**

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and resolution appoint them will be proposed at the annual general meeting.

The trustees report incorporating the strategic report was approved by order of the board of trustees on 8 December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'N Scott', written over a dotted line.

N Scott
Chair of Trustees

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Aston University Academy Birmingham 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 Governing Body 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 Aston University Engineering Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees 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 trustees has formally met three times during the year ended 31 August 2015. Attendance during the year at meetings of the board of trustees was as follows

Trustee	Meetings attended	Out of a Possible
A Barkass-Williamson	-	1
C Barve	1	1
Professor B Birgisson	1	3
V Bragg	-	2
V Burgess	-	2
M Carter (Vice-Chair)	1	1
J Chambers	1	1
R Fekete	1	1
Professor A Halstead (Chair)	1	1
Dr P Harper	3	3
L Kilgour	3	3
T Linton	2	2
D Locke-Wheaton	3	3
K Millatt	2	2
N Scott	1	1
J Seymour	3	3
J Tyrrell	2	3
L West	1	3

The **Leadership and Finance Forum (LFF)** is a sub committee of the main governing body. Its purpose is to consider strategic plans; policies; risk management and financial maintaining; and to act as an Audit Committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a Possible
K Millat (Chair for three meetings)	3	3
Professor B Birgisson	2	4
R Fekete (Chair for one meeting)	1	1
J Chambers	1	1
J Tyrrell	3	4

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

The Secretary to the Board of Trustees, the Principal, the Deputy Principal and the Academy's Business Manager were in attendance at meetings of the Forum. Kathy Millatt, the University's Deputy Director of Finance, chaired three meetings and then was replaced as the Forum Chair by Rob Fekete, the University's Director of Finance. The Governing Board agreed to increase the members of the Forum by an additional member appointed from the non-staff members of the Governing Board and Miss Jennifer Chambers joined the Forum on 30th June 2015. Mr Tony Felthouse, Senior Manager, KPMG, the Academy's previous external auditors, attended the December 2014 Forum meeting to provide a report on the external audit process and the Forum was pleased to note that excellent progress had been made in improving financial systems and controls which has greatly assisted the audit process and had resulted in no audit adjustments having to be made.

Review of Value for Money

As accounting officer the principal has responsibility for ensuring that the academy trust 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Rationalising the curriculum to eliminate the necessity for four additional teachers in September 2015, saving c. £195k.
- Re-tendering energy contracts saving £10k and cleaning and washroom service contracts to maintain costs without increase.
- Expanding earmarked grants activity to generate management fees of £5k.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy trust 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 in Aston University Engineering Academy Trust for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)**The Risk and Control Framework**

The Aston University Academy Birmingham system of internal financial 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 board of trustees Body;
- 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;
- delegation of authority and segregation of duties;
- identification and management of risks.

In July 2013, the Board of Trustees agreed to approve revisions to the terms of reference and membership for the Leadership and Finance Forum to include the functions of an audit committee. Staff from the Academy are now excluded from the membership of the Forum in view of the need for an independent audit function; however, the Principal, Vice-Principal and Business Manager are in attendance at meetings.

The Leadership and Finance Forum agreed that DRB should be engaged to carry out termly internal audit visits and to submit reports beginning 17 July 2014. Testing covered payroll, purchases, contracts, capital contracts, income, expense claims, petty cash, and the accounting system. The Forum agreed that the contract with DRB should be extended for three more termly reports (December 2015, March 2016 and July 2016). Staff from the University's Finance Department have continued to advise Academy staff on the development of the Academy's financial systems and processes.

Review of Effectiveness

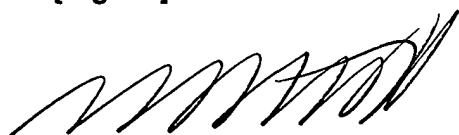
As Accounting Officer, of Aston University Academy Birmingham, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the board of trustees on 8 December 2015 and signed on its behalf by:

[Signed]

[Signed]



Neil Scott
Chair of Trustees



D Locke-Wheaton
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2015

As accounting officer of Aston University Academy Birmingham I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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


.....

D Locke-Wheaton
Accounting Officer

8 December 2015

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2015

The trustees (who act as governors) of Aston University Engineering Academy Birmingham and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

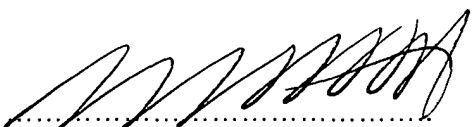
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

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

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

Approved by order of the members of the board of trustees on 8 December 2015 and signed on its behalf by:



N Scott
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTON UNIVERSITY ACADEMY BIRMINGHAM FOR THE YEAR ENDED 31 AUGUST 2015

We have audited the financial statements of Aston University Academy Birmingham for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Income and Expenditure account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trusts circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 the Annual Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTON UNIVERSITY ACADEMY BIRMINGHAM FOR THE YEAR ENDED 31 AUGUST 2015**Emphasis of Matter - Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Statement of Accounting Policies on page 29 concerning the charitable company's ability to continue as a going concern. The charitable company is reliant on the Education Funding Agency for the postponement of a Pupil Number Adjustment recovery payment, which the Education Funding Agency has confirmed in writing will be payable by 2018/19.

This condition, together with the other matters set out in the Statement of Accounting Policies, indicates the existence of a material uncertainty which may cast significant doubt on the charitable company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the charitable company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; 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.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

8 December 2015

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASTON UNIVERSITY ACADEMY BIRMINGHAM AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2015

In accordance with the terms of our engagement letter dated 27 August 2015 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2014 to 2015 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the year ended 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Aston University Academy Birmingham and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 Aston University Academy Birmingham and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Aston University Engineering Academy Birmingham's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Aston University Engineering Academy Birmingham funding agreement with the Secretary of State for Education dated 30 March 2014, and the Academies Financial Handbook extant from 1 September 2014 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 2014 to 2015. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

Summary of the work undertaken was as follows:

- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2015 (Cont'd)

Approach (Cont'd)

- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

Conclusion

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

UHY Hacker Young (Birmingham) LLP.

UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

8 December 2015

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2015
(Including Statement of Total Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2015	2014
		£'000	Funds	Asset	£'000	£'000
		£'000	£'000	Funds	£'000	£'000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary income	3	4	-	-	4	6
<i>Incoming resources from charitable activities:</i>						
- Funding for the academy trust's educational operations	6	-	2,438	4	2,442	2,142
- Other incoming resources	4	16	63	-	79	88
Investment Income	5	1	-	-	1	-
Total incoming resources		21	2,501	4	2,526	2,236
Resources expended						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income		-	-	-	-	-
<i>Charitable activities:</i>						
- Academy trust's educational operations	7 & 8	40	2,698	353	3,091	2,857
<i>Governance costs</i>	9	-	12	-	12	11
Total resources expended	7	40	2,710	353	3,103	2,868
Net incoming/(outgoing) resources before transfers		(19)	(209)	(349)	(577)	(632)
Gross transfers between funds	17	-	(54)	54	-	-
Net income/(expenditure) for the year		(19)	(263)	(295)	(577)	(632)
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	27	-	(22)	-	(22)	18
Net movement in funds		(19)	(285)	(295)	(599)	(614)
Reconciliation of funds						
Funds b/fwd at 1 September 2014		19	(417)	8,504	8,106	8,720
Funds c/fwd at 31 August 2015	17	-	(702)	8,209	7,507	8,106

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

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

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Total 2015 £'000	Total 2014 £'000
Income			
DfE/EFA General annual grant (GAG)	2 & 6	2,205	1,781
Other DfE/EFA grants	6	229	314
Other government grants	6	8	47
Funds generation	4	79	88
Investment income	5	1	-
Other income	3	4	6
Total income		2,526	2,236
Expenditure			
Staff Costs	7	2,044	1,814
Non pay expenditure			
- Premises	7	208	234
- Supplies and services	7	306	284
- Other	7	192	186
Depreciation	7 & 13	353	350
Total expenditure	7	3,103	2,868
Net deficit for the year		(577)	(632)

The income and expenditure account is derived from the statement of financial activities on page 25 which, together with the notes to the financial statements on pages 29 to 46 provides full information on the movements during the period on all the funds of the academy trust.

BALANCE SHEET AS AT 31 AUGUST 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	13	<u>8,209</u>	<u>8,504</u>
		<u>8,209</u>	<u>8,504</u>
Current assets			
Debtors	14	94	140
Cash at bank and in hand		<u>352</u>	<u>269</u>
		<u>446</u>	<u>409</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(492)</u>	<u>(486)</u>
Net current liabilities		<u>(46)</u>	<u>(77)</u>
Total assets less current liabilities		8,163	8,427
Creditors: Amounts falling due after more than one year	16	(590)	(299)
Net assets excluding pension liability		<u>7,573</u>	<u>8,128</u>
Pension scheme liability	27	(66)	(22)
Net assets including pension liability		<u>7,507</u>	<u>8,106</u>
Funds of the Academy:			
Restricted funds			
- Restricted fixed asset fund	17	8,209	8,504
- Restricted general fund	17	(636)	(395)
- Pension reserve	17	(66)	(22)
Total Restricted Funds		<u>7,507</u>	<u>8,087</u>
Unrestricted funds			
- General fund	17	-	19
Total Unrestricted Funds		<u>-</u>	<u>19</u>
Total		<u>7,507</u>	<u>8,106</u>

The financial statements on pages 25 to 28 were approved by the trustees and authorised for issue on 8 December 2015 and signed on their behalf by:



Neil Scott
Chair of Trustees

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	21	136	59
Returns on investments and servicing of finance	22	1	-
Capital expenditure	23	(54)	(13)
Increase in cash in the year	24	<u>83</u>	<u>46</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014	24	269	223
Net funds at 31 August 2015	24	<u><u>352</u></u>	<u><u>269</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**1 Statement of Accounting Policies****Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The financial statements have been prepared on a going concern basis, which the trustees believe to be appropriate on the basis set out below. The trustees consider whether the use of going concern 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 company to continue as a going concern. The trustees make this assessment in respect of a period of greater than one year from the date of approval of the financial statements.

The governors have prepared cash flow forecasts for the period to 31 August 2017 and acknowledge that the Academy Trust is not financially viable as an independent entity in its present operational situation and will be reliant on support from the Education Funding Agency ('EFA') until such time as its financial recovery plan, as noted below, has been successfully implemented. This is primarily due to planned pupil number growth being securely on track but behind the original start up schedule, giving rise to a Pupil Number Adjustment ('PNA') that has resulted in a total liability to the EFA of £590,170 (2014: £298,699) which would ordinarily be due for repayment by 31 March 2016.

Following discussions with the EFA, the governors have prepared and submitted to the EFA a financial recovery plan, the key underpinning assumption being that pupil numbers will grow to 470 in 2015/16, 530 in 2016/17 and 570 in 2017/18. Although the EFA have confirmed in writing they are willing to defer repayment of the PNA recovery until the 2017/18 financial year, there is a risk that the Academy Trust will have insufficient cash resources to continue in operation by August 2017.

The Education Funding Agency have confirmed in writing that repayment of the PNA will commence from 2017/18 and be fully repaid by 2018/19.

Based on these indications, the governors therefore believe it is appropriate to prepare the financial statements on a going concern basis.

However, this material uncertainty may cast significant doubt on the Academy Trust's ability to continue as a going concern. The Academy Trust may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business but the financial statements do not include any adjustments that would result from a withdrawal of support by the EFA.

Incoming Resources

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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 sheet in creditors: amounts falling due within one year in deferred income.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at open market value in accordance with the accounting standard FRS15 Tangible Fixed Assets every 5 years. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Resources Expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**Tangible fixed assets**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds depreciation on such assets is charged to the unrestricted fund.

Assets costing less than £1,000 are written off in the year of acquisition. All other assets are

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other

Leasehold buildings	2%
Furniture and equipment	10%
Computer equipment and software	20%

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.

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Taxation

The academy trust 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 academy trust 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 academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

The LGPS is a funded scheme and the assets are held separately from those of the academy trust 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust 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/Department for Education and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

Agency Arrangement

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. (See note 17)

3 VOLUNTARY INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Donations from private sources	4	-	4	6
	<u>4</u>	<u>-</u>	<u>4</u>	<u>6</u>

4 OTHER INCOMING RESOURCES

School activities	16	-	16	7
Leonardo grant	-	17	17	36
Erasmus grant	-	25	25	-
Other grants	-	2	2	17
Apprenticeships	-	19	19	28
	<u>16</u>	<u>63</u>	<u>79</u>	<u>88</u>

5 INVESTMENT INCOME

Bank interest received	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

6 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
DfE/EFA Capital grants				
. Devolved formula capital grant	-	4	4	13
	<u>-</u>	<u>4</u>	<u>4</u>	<u>13</u>
DfE/EFA Revenue grants				
. General annual grant (GAG) (note 2)	-	2,205	2,205	1,781
. Start up grant	-	136	136	252
. Pupil premium grant	-	89	89	49
	<u>-</u>	<u>2,430</u>	<u>2,430</u>	<u>2,082</u>
Other Government grants				
. Special educational needs grant (BCC)	-	8	8	21
. Other grants	-	-	-	26
	<u>-</u>	<u>8</u>	<u>8</u>	<u>47</u>
	<u>-</u>	<u>2,442</u>	<u>2,442</u>	<u>2,142</u>

* General annual grant (GAG) comprises £2,496k less £291k pupil number adjustment for 2014/15; and £2,080k less £299k pupil number adjustment for 2013/14.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

7 RESOURCES EXPENDED

	Staff Costs	Non Pay Expenditure		Total 2015 £'000	Total 2014 £'000
		Premises	Other Costs		
	£'000	£'000	£'000	£'000	£'000
Costs of activities for generating funds	-	-	-	-	-
Academy's educational operations					
. Direct costs	1,739	-	246	1,985	2169
. Allocated support costs	305	561	240	1,106	688
	<u>2,044</u>	<u>561</u>	<u>486</u>	<u>3,091</u>	<u>2,857</u>
Governance costs including allocated support costs	-	-	12	12	11
	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>11</u>
	<u>2,044</u>	<u>561</u>	<u>498</u>	<u>3,103</u>	<u>2,868</u>
Net income/(expenditure) for the year includes:				£'000	£'000
Operating leases				47	40
Fees payable to auditor for:					
- audit				6	11
- other services				<u>1</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2015 £'000	Total 2014 £'000
<i>DIRECT COSTS</i>		
Teaching	1,475	1,295
Educational support staff costs	264	239
Educational supplies	156	205
Examination fees	75	65
Staff development	15	14
	<u>1,985</u>	<u>1,818</u>
<i>ALLOCATED SUPPORT COSTS</i>		
Support staff costs	305	243
Technology costs	75	45
Recruitment and support	18	23
Maintenance of premises and equipment	34	25
Cleaning and waste management	59	52
Business and water rates	44	78
Energy costs	71	80
Insurance, security and transport	32	32
Catering services	58	49
Bank interest and charges	-	1
Depreciation	353	349
Other support costs	57	62
	<u>1,106</u>	<u>1,039</u>
Total direct and support costs	<u><u>3,091</u></u>	<u><u>2,857</u></u>
9 GOVERNANCE COSTS		
Legal and professional fees	5	-
Audit of financial statements	6	10
Other audit services	1	1
	<u>12</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

10 STAFF

a Staff costs

	2015	2014
	£'000	£'000
Staff costs during the year were:		
Wages and salaries	1,659	1,408
Social security costs	133	114
Other pension costs	216	168
	<u>2,008</u>	<u>1,690</u>
Supply staff costs	36	87
	<u>2,044</u>	<u>1,777</u>

b Staff numbers

The average number of persons (including School Leadership Team) employed by the Academy during the year ended 31 August 2015 expressed as full time equivalents was as follows:

	2015	2014
	No.	No.
Charitable Activities		
Teachers	24	22
Administration and support	22	21
Management	5	4
	<u>51</u>	<u>47</u>

The number of employees whose emoluments fell within the following bands was:

	No.	No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£100,001 - £110,000	1	1

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £23,418 (2014: £23,400).

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees receive remuneration in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

L Kilgour (Principal and Trustee)		
Remuneration	100,001 - £105,000	(2014: £100,001 - £105,000)
Employers pension contribution	£10,001 - £15,000	(2014: £10,001 - £15,000)
D Locke-Wheaton (Staff Trustee)		
Remuneration	£70,001 - £75,000	(2014: £65,001 - £70,000)
Employers pension contribution	£5,001 - £10,000	(2014: £5,001 - £10,000)

During the year ended 31 August 2015 £1,350 (2014: £nil) travel, subsistence and educational expenses were reimbursed to the trustees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

12 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy 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 year ended 31 August 2015 was £1,113 (2014: £1,801). The cost of this insurance is included in the total insurance cost.

13 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2014	7,777	881	543	9,201
Additions	15	17	26	58
Disposals	-	-	-	-
At 31 August 2015	<u>7,792</u>	<u>898</u>	<u>569</u>	<u>9,259</u>
Depreciation				
At 1 September 2014	308	173	216	697
Charged in year	154	89	110	353
Disposals	-	-	-	-
At 31 August 2015	<u>462</u>	<u>262</u>	<u>326</u>	<u>1,050</u>
Net book value				
At 31 August 2015	<u>7,330</u>	<u>636</u>	<u>243</u>	<u>8,209</u>
At 31 August 2014	<u>7,469</u>	<u>708</u>	<u>327</u>	<u>8,504</u>

In September 2012 the Academy's leasehold land and buildings were donated to the Academy by Birmingham City Council (BCC) on 125 year lease at a pepper corn rent. On 19 August 2013 an existing use valuation was prepared for the Education Funding Agency by a firm of Chartered Surveyors Mouchel in accordance with the requirements of the accounting standard FRS15 Tangible Fixed Assets that the leasehold land and buildings gifted had a depreciated replacement cost value of £7,767,000.

	2015 £'000	2014 £'000
14 DEBTORS		
Trade debtors	-	17
VAT recoverable	7	41
Prepayments and accrued income	87	82
	<u>94</u>	<u>140</u>
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	77	134
Other creditors	346	320
Accruals	9	18
Deferred income	60	14
	<u>492</u>	<u>486</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Cont'd)

Deferred Income	2015 £'000
Deferred income at 1 September	14
Resources deferred in the year	60
Amounts released from previous years	(14)
Deferred income at 31 August	<u>60</u>

At the balance sheet date the academy was holding funds received in advance for 2015/16 for the British Council grant £2,607 (2014: £2,607), Leonardo grant £1,700 (2014: £11,659), Erasmus grant £43,490 (2014: £nil), Mondelez International grant £398 (2014: £600), Resource fees £5,796 (2014: £nil) and Devolved Formula Capital funding £5,739 (2014: £nil).

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
EFA creditor: Pupil number adjustment	590	299
	<u>590</u>	<u>299</u>

17 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2015 £'000
Restricted general funds					
General annual grant (GAG) (note i)	(400)	2,205	(2,387)	(54)	(636)
Other DfE/EFA grants (note ii)	-	225	(225)	-	-
Other government grants (note iii)	-	8	(8)	-	-
Other (note iv)	5	63	(68)	-	-
	<u>(395)</u>	<u>2,501</u>	<u>(2,688)</u>	<u>(54)</u>	<u>(636)</u>
Restricted fixed asset funds					
Fixed assets donation (note v)	7,459	-	(152)	-	7,307
DfE/EFA capital grants (note vi)	1,045	4	(147)	-	902
Capital expenditure from GAG (note vii)	-	-	(54)	54	-
Total restricted funds	<u>8,504</u>	<u>4</u>	<u>(353)</u>	<u>54</u>	<u>8,209</u>
Restricted pension scheme liability					
Pension reserve (note viii)	(22)	-	(22)	(22)	(66)
	<u>(22)</u>	<u>-</u>	<u>(22)</u>	<u>(22)</u>	<u>(66)</u>
Total restricted funds	<u>8,087</u>	<u>2,505</u>	<u>(3,063)</u>	<u>(22)</u>	<u>7,507</u>
Unrestricted funds					
Unrestricted funds (note ix)	19	21	(40)	-	-
Total unrestricted funds	<u>19</u>	<u>21</u>	<u>(40)</u>	<u>-</u>	<u>-</u>
Total Funds	<u>8,106</u>	<u>2,526</u>	<u>(3,103)</u>	<u>(22)</u>	<u>7,507</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

17 FUNDS (Cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2015. (see note 2)
- ii) Other DfE/EFA and local grants are used for the specific purposes intended.
- iii) Special needs grant from BCC has been used to support pupils with learning or behavioural issues by providing additional teaching support.
- iv) Other restricted general grants include EU-funded projects for collaboration with a technical college in Austria.
- v) Restricted fixed assets were funded by BCC donating Academy land and buildings on a 125 year lease at a pepper corn rent.
- vi) DfE/EFA capital grants are used for capital additions for educational purposes.
- vii) The gross transfer from the restricted general fund to the restricted fixed asset fund of £54k (2014:£13k) represents the total capital expenditure from the General Annual Grant (GAG) during the year.
- viii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 27)
- ix) Unrestricted funds include surpluses from activities for generating activities (for example: sales of uniforms and car parking) and any voluntary donations to be spent at the discretion of the trustees.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2015 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	
	£'000	Funds	Funds	Restricted	Total
	£'000	£'000	£'000	Funds	£'000
Tangible fixed	-	-	-	8,209	8,209
Current assets	-	-	446	-	446
Current liabilities	-	-	(492)	-	(492)
Non current liabilities	-	-	(590)	-	(590)
Pension scheme liability	-	(66)	-	-	(66)
	-	(66)	(636)	8,209	7,507

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

19 CAPITAL COMMITMENTS	2015	2014
	£'000	£'000
Contracted for, but not provided in the financial statements	Nil	20
Authorised by trustees, but not yet contracted	24	Nil

20 FINANCIAL

Operating

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	Other	Other
	£'000	£'000
Operating leases		
. Within one year	11	-
. Within two to five years	20	40
	31	40

21 RECONCILIATION OF NET DEFICIT TO CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£'000	£'000
Net deficit	(577)	(333)
Depreciation (note 13)	353	350
Capital grants from DfE and other capital income	(4)	(13)
Interest receivable	(1)	-
FRS 17 pension cost less contributions payable (note 27)	24	18
FRS 17 pension finance income (note 27)	(2)	(1)
Decrease/(increase) in debtors	46	(94)
Increase in creditors	297	132
Net cash inflow from operating activities	136	59

22 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015	2014
	£'000	£'000
Interest received	1	-
Net cash inflow from returns on investment and servicing of finance	1	-

23 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015	2014
	£'000	£'000
Purchase of tangible fixed assets	(58)	(26)
Capital grants from DfE/EFA	4	13
Net cash outflow from capital expenditure and financial investment	(54)	(13)

	At 1 September 2014	Cash flows	At 31 Aug 2015
	£'000	£'000	£'000
24 ANALYSIS OF CHANGES IN NET FUNDS			
Cash in hand and at bank	269	83	352
	269	83	352

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)**25 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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

27 PENSION AND SIMILAR OBLIGATIONS

The Academy's 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 which is managed by West Midlands Pension Scheme. Both are defined benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2015 was £216,000 (2014: £167,000) of which £154,000 (2014: £122,000) relates to the TPS and £62,000 (2014: £46,000) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 August 2015.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (cont'd)

27 PENSIONS AND SIMILAR OBLIGATIONS (cont'd)**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 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 (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined as employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £154,000 (2014: £121,000).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2015 was £87,000 (2014: £64,686) of which employers contributions totalled £62,000 (2014: £46,133) and employees contributions totalled £25,000 (2014: £18,553). The agreed contributions for future years are on average 10.2% (2014: 10.2%) for employers and 6.2% (2014: 6.2%) for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	2015 % per annum	2014 % per annum
Discount rate	4.0%	4.0%
Inflation assumption (CPI)	2.4%	2.2%
Salary increases	4.2%	4.0%
Pension increase	2.4%	2.2%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2015 Approx £'000
Discount rate reduced by 0.1% per annum	11
Assumed pension increased by 0.1% per annum	291
Salary growth increased by 1.0% per annum	(17)
Life expectancy at retirement increased by 1 year	7

The mortality assumptions used were as follows:

	2015 years	2014 years
Longevity at age 65 retiring today		
- Men	23.0	22.9
- Women	25.2	25.5
Longevity at age 65 retiring in 20 years		
- Men	25.6	25.1
- Women	28.0	27.8

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Cont'd)

The Academy's share of the assets and liabilities in scheme and the expected rate of return were:

	Expected return at 31 August 2015	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	5.9%	127	7.0%	65
Government Bonds	5.9%	16	3.4%	11
Other Bonds	5.9%	22	4.4%	15
Property	5.9%	18	5.7%	12
Cash	5.9%	11	0.5%	6
Other	5.9%	20	7.0%	34
Total assets		214		143
Present value of scheme liabilities				
- Funded		(214)		(143)
- Unfunded		(66)		(22)
Total liabilities		(280)		(165)
Deficit in the scheme		(66)		(22)

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was a surplus of £7,000 (2014: £15,000).

Amounts recognised in the Statement of Financial Activities

	2015 £'000	2014 £'000
Current service cost	64	47
Past service cost	-	-
Total operating charge	64	47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Local Government Pension Scheme (Cont'd)

	2015	2014
	£'000	£'000
Analysis of pension finance (income)/costs		
Expected return on pension scheme assets	(10)	(9)
Interest on pension liabilities	8	8
Pension finance income	<u>(2)</u>	<u>(1)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,000 gain (2014: £23,000 gain).

	2015	2014
	£'000	£'000
Movement in deficit during the period		
Balance at 1 September 2014	22	23
Movement in year:		
- Employer service cost (net of employee contributions)	64	47
- Employer contributions	(40)	(29)
- Expected return on scheme assets	(10)	(9)
- Interest cost	8	8
- Actuarial losses/(gains)	22	(18)
Deficit in the scheme at 31 August 2015	<u>66</u>	<u>22</u>

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

	2015	2014
	£'000	£'000
Balance at 1 September 2014	165	145
Current service cost	64	47
Interest cost	8	8
Contributions by scheme participants	25	19
Benefits paid	(1)	-
Actuarial losses/(gains)	19	(54)
Scheme liabilities at 31 August 2015	<u>280</u>	<u>165</u>

Movements in the fair value of Academy's share of scheme assets:

	2015	2014
	£'000	£'000
Balance at 1 September 2014	143	122
Expected return on scheme assets	10	9
Actuarial losses	(3)	(36)
Contributions by employer	40	29
Benefits paid	(1)	-
Contributions by scheme participants	25	19
Fair value of scheme assets at 31 August 2015	<u>214</u>	<u>143</u>

The estimated value of employer contributions for the year ended 31 August 2016 is £40,000 (2015: £40,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Cont'd)

The 5 year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000
Fair value of assets	214	143	122
Present value of scheme liabilities	280	165	145
Deficit in scheme	66	22	23
Experience adjustment on scheme assets	(3)	(36)	5
Percentage of scheme assets	(1.4%)	(25.2%)	4.1%
Experience adjustment on scheme liabilities	-	85	-
Percentage of scheme liabilities	0.0%	51.5%	0.0%
Actuarial (loss)/gain recognised in Statement of Financial Activities	(22)	18	5
Percentage of scheme liabilities	(7.9%)	10.9%	3.4%

Only three years figures are available as the charitable company was established on 23 February 2010 and became an academy from 1 September 2012.

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. During the year ended 31 August 2015 the following related party transactions took place:

The academy paid Aston University for the services supplied with no profit element to the University as follows:

HR and payroll services £10,350 (2014: £11,290);

Hire of sports facilities £28,469 (2014: £13,031);

Hire of car park spaces £6,600 (2014: £4,138).

Hire of conference suite £2,214 (2014: £nil).

The amounts outstanding at 31 August 2015 are £337,661 (31 August 2014: £309,026).

Mr J Seymour sits on an exam board of OCR. The academy paid OCR £10,336 (2014: £8,734) for exam fees. There were no amounts outstanding at 31 August 2015 (2014: £nil).

Mr J Seymour and Mr D Locke-Wheaton are directors of Titan Partnership Limited. The academy paid Titan Partnership £240 for educational services (2014: £1,240). There were no amounts outstanding at 31 August 2015 (2014: £nil).

29 EVENTS AFTER THE BALANCE SHEET DATE

There are no material adjusting or non adjusting events arising after the balance sheet date.

30 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £25,334 and disbursed £19,895 from the fund. An amount of £5,439 is included in other creditors relating to the undistributed funds that is repayable to the EFA.