

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2019



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

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members and Trustees

N Scott (Chair and Sponsor Governor from 1 March 2015)
 Dr I Afzal (Co-opted Governor from 1 September 2016)
 R Billingham # (Sponsor Governor from 13 March 2017)
 C Dunkley (Parent Governor from 27 March 2018)
 R Grant (Support Staff Representative from 27 March 2018)
 S Hancock (Teaching Staff Representative from 1 November 2015)
 P Harper (Sponsor Governor from 1 August 2012)
 P Hazzard # (Co-opted Governor from 1 August 2016)
 T Linton (Parent Governor from 9 January 2015)
 D Locke-Wheaton (Principal from 14 August 2015)
 C Parker (Co-opted Governor from 1 January 2016)
 Dr I Roche (Co-opted Governor from 1 January 2016)
 J Stonall (Sponsor Governor from 1 December 2015)
 R Toy # (Co-opted Governor from 1 November 2017)
 S. Hainsworth # (Sponsor Governor from 31 July 2018)
 A. Davies # (Sponsor Governor from 31 May 2019)

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

Company Secretary

J Walter

Senior Leadership Team:**Principal**

D Locke-Wheaton

Vice Principal

D Chapman

Assistant Principal

R Acton

Assistant Principal

R Sorsby

Business Manager

A Kaye

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 2019

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 2019.

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

EDUCATION FOR LIFE, SKILLS FOR THE FUTURE

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 providing an Education for life and skills for the future". The number of students on roll after six years has exceeded our capacity of 600, currently being at 614. This success is a direct result of the growing reputation of the UTC, unique subjects offered and outstanding destinations for our 18 year old graduates.

Year	2017 Census	2018 Census
Year 10	145	133
Year 11	122	136
Year 12	194	185
Year 13 & 14	150	160
Total	611	614

Students for 2018/19 are admitted at 14 (Year 10). However in March 2019, the UTC was approved by the Secretary of State to move to age 13 (Year 9) as a start point. 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 a significantly high proportion of pupils currently reside in the UK's poorest 10% of postcode areas. The academy is attended by a wide diversity of students as evidenced by all 17 of the Ofsted ethnic groups (IDSR) and is in the top 20% of schools nationally for English as an additional language and free school meals.

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
- Up to 5 Co-opted Governors
- 2 Parent Governors (KS4 and KS5 representatives)
- 2 Staff Governors (teaching and support staff representatives)
- The Principal

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

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Method of Recruitment and Appointment or Election of Trustees**

The Board of Trustees makes all necessary arrangements for, and determines all other matters relating to, the election of the Staff Governors 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 5 Co-opted Trustees. Those who can be involved in this appointment are Trustees who have been appointed via the Sponsor, LA, parents, employers, 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.

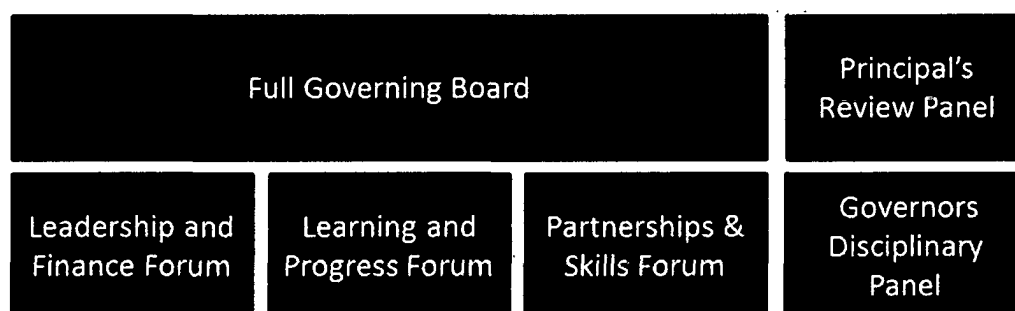
The term of office for all Trustees is 4 years, except for the Principal, who will remain a member of the Board of Trustees whilst they serve in this capacity. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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.

Organisational Structure**Governing Board Structure**

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

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; and
- 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 Progress forums (LPF) meets at least six 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; and
- The Industry Advisors Group Forum (IAGF) 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 guidance and support for outstanding progression of students from AUEA.

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	Learning and Progress forum	Leadership and Finance Forum	Learning and Progress forum	Full Board of Trustees
SLT Representative	Assistant Principal – Learner Development	Principal Business Manager	Vice Principal and Assistant Principal – Curriculum and Assessment	Principal

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

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 review 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 Vice 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, implements the policies laid down by Trustees and reports 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.

Trade union facility time

Relevant union officials	Numbers	FTEs
Employees who were union officials during the relevant period	Nil	Nil
Percentage of time spent on	Employee Numbers	
Percentage of time		
0%		Nil
1% - 50%		Nil
51% - 99%		Nil
100%		Nil
Percentage of pay bill spent on		
Total cost of facility time		£Nil
Total pay bill		£3,004,365
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100		Nil%
Paid trade union activities		
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100		Nil%

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Arrangements for setting pay and remuneration of key management personnel**

Pay and remuneration of the Principal is undertaken by a delegated sub-committee of the governing board and in line with the National Standard of Head teachers 2016, against rigorous annual KPIs.

AUEA also operates a rigorous Performance Review process, based on national best practice and supported by exemplary use of the appraisal product 'Bluesky Education software'. This software tracks each member of staff's performance across the year against a set number of agreed targets, allowing the upload of clear evidence and systematic checking and ratification progress and success. This generates the recommended list of pay and remuneration which is reviewed by the chair and ratified by the full governing board.

Connected Organisations including Related Party Relationships

Aston University is the sponsor of Aston University Engineering Academy Birmingham.

Baker Dearing Trust (BDT) acts as the National body for UTCs and via membership AUEA gain access to specialists in finance, marketing, and school improvement. Through regional and national meetings our BDT membership allows greater success and reduced risk. The Principal Daniel Locke-Wheaton sits as a member of the core Principal body (unpaid).

Titan Education Trust, is a charitable trust which supports the widening participation of students in our area of Birmingham. It also holds the responsibility for the management of the North West Sharing Panel (the body which deals with those students at risk of exclusion) and the North area Head teachers. The Principal Daniel Locke-Wheaton sits as a director (unpaid) on the Executive team for Titan.

South Bromsgrove Academy acts at the link teaching school responsible for supporting the UTC improvement priorities. This includes monitoring visits, sharing best practice, quality assurance and leadership staff training. Consequently South Bromsgrove receives a direct DFE grant of £20k to provide these services at no cost to AUEA.

OBJECTIVES AND ACTIVITIES

There are so many things that makes Aston University Engineering Academy and Aston University Sixth form unique, but one of the key differences is being a university technical college. This means that as well as getting a great experience you have access to additional opportunities and resources many unavailable in other schools and colleges.

These include:

- A highly focused technical curriculum including Tech Bacc utilising the latest professional equipment.
- High calibre Industry opportunities including Employer Projects, visits, extensive work experience and professional qualifications.
- Unique location at Aston University Campus and Innovation Birmingham providing additional learning and access to specialist teaching and facilities.
- Amazing Sports and Clubs utilising Sport Aston facilities and Redpoint Climbing. Football and Cricket supported by Aston Villa and English Cricket Board along with our DofE programme.
- Frequent and Diverse Trips both in the UK and abroad as part of the curriculum and also wider enrichment. This includes the opportunity to study a year abroad with our Austria Partner school HTL Modling.

We teach students technical and scientific subjects in a whole new way and are educating the inventors, engineers, scientists and technicians of tomorrow.

A key aspect of '**What makes us different**' is our focus on the wider enrichment through our **employer linked project curriculum** and club night. Ensuring that students leave Aston University Sixth Form with not only high academic outcomes but a wider holistic experience, maximising their potential.

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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Principal Activities**

The principle 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; and
- Involving staff and students in the continuous improvement of life in the Academy, through reflection, research and publication of practice.

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:

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

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 principle 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 2019 (cont'd)





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.

KEY STAGE 4 PATHWAYS

	Academic Core	Technical Core	Wider Qualifications	Options
Standard Offer	English Language English Literature Mathematics Biology Chemistry Physics	Level 2 BTEC Diploma In Engineering Small Project Materials	NVQ In German Languages for Business	Product Design Business Studies Computing
Advanced Offer	Level 3 Statistics		GCSE or A Level qualification in home language	Professional Qualifications

KEY STAGE 5 PATHWAYS

	<p>ELITE.</p> <ul style="list-style-type: none"> • Engineering qualification equivalent to A Level or above in the relevant pathway. • High level of practical engineering experience. • Further development of the skills and knowledge gained in the previous pathway.
	<p>ACADEMIC.</p> <ul style="list-style-type: none"> • Advanced Mathematics • Engineering or Further Mathematics • Further Studies in Physics, Business Studies, English, Mathematics, Further Mathematics • GCSE
	<p>PROFESSIONAL.</p> <ul style="list-style-type: none"> • Further development of the skills and knowledge gained in the previous pathway. • Further development of the skills and knowledge gained in the previous pathway. • Further development of the skills and knowledge gained in the previous pathway. • Further development of the skills and knowledge gained in the previous pathway.
	<p>TECHNICAL.</p> <ul style="list-style-type: none"> • BTEC Level 3 Diploma in Engineering • Level 3 Mathematical Studies (Core Maths)

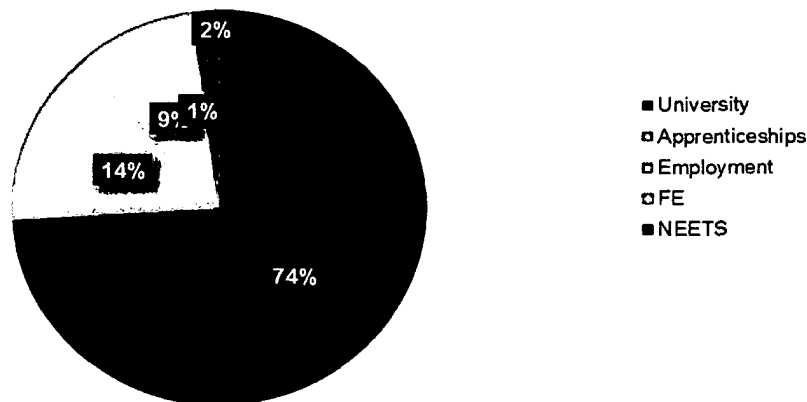
TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

Achievements and Performance

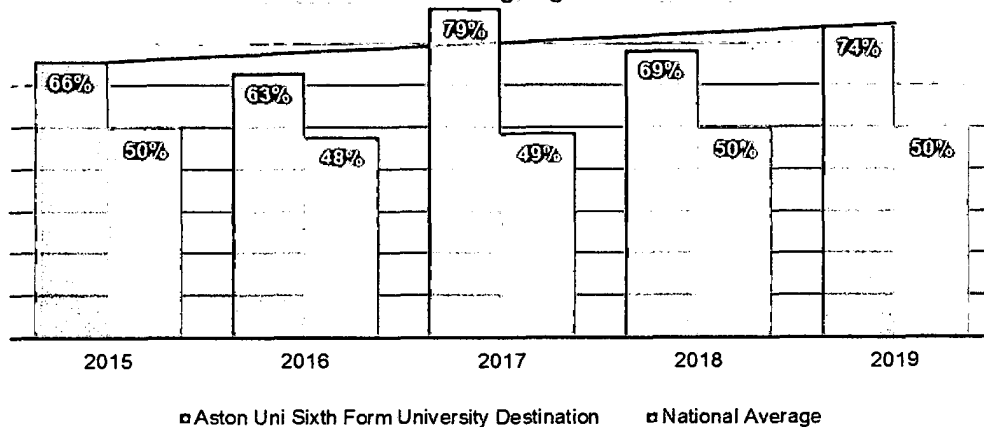
Destinations

Since AUEA's first graduates in July 2014, it has led the way nationally with the destination of students into STEM based careers and education. In the 2018/19 financial period this success increased with a rise in the number of students moving on into higher Education and specifically those attending STEM courses and Russel Group Universities. Degree Apprenticeships remained attractive but due to the local context of HS2 uncertainty there was a reduction in local Apprenticeships. With 5 years of sustained destinations in 2018/19 the graphs below demonstrate the outstanding performance of the UTC over time and opportunities for our young people.

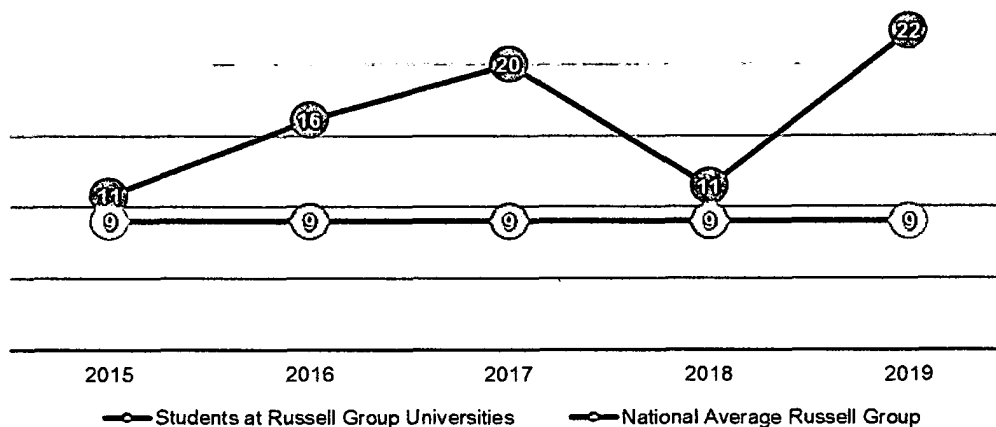
2018/19 Destinations by Type



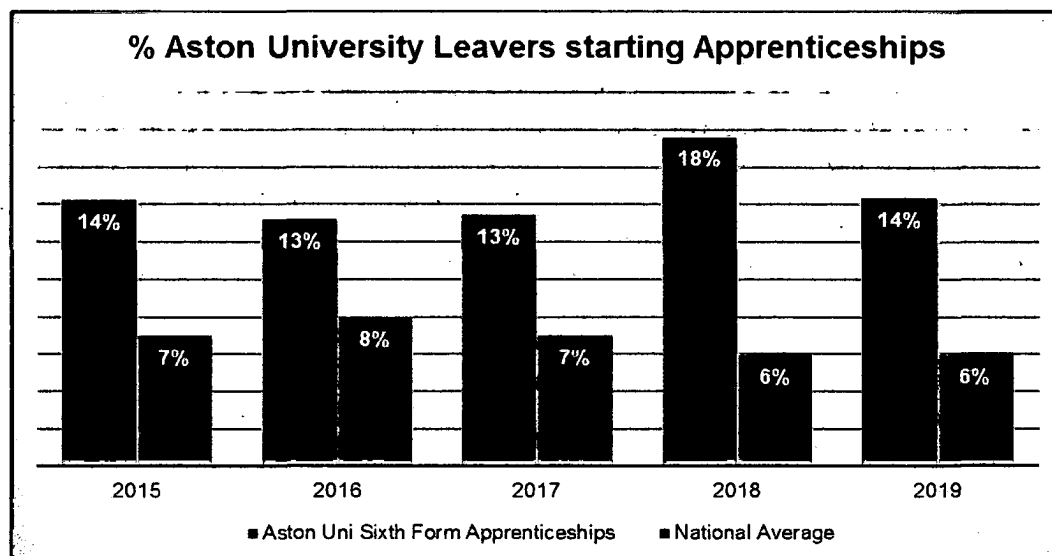
% Students attending Higher Education



% Students attending Russell Group Universities



TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)



Aston University Engineering Academy (AUEA) was inspected by OfSTED in April 2018 and was judged to be overall 'Requires Improvement' with Aston University Sixth Form being rated as 'Good'. The trust and UTC leadership were very disappointed in the downgrading of the UTC statement and remain committed to the swift return to Good and above with 24 months.

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:

Summary of key findings for parents and pupils

This is a school that requires improvement

- Over a number of years, pupils' progress has suffered as a result of turbulence in staffing. Recently, leaders have ensured that a full, specialist teaching team is in place.
- Leaders are improving the quality of teaching over time. However, teaching is not yet good and improvements have not had enough time to ensure that pupils' progress is good overall.
- Teachers do not consistently meet the learning needs of pupils who have special educational needs (SEN) and/or disabilities.
- While it is improving, pupils' progress from when they join the school, across a range of subjects, including mathematics, English, science and languages requires improvement.
- Leaders have not made sure that the curriculum for post-16 students fully meets their needs. Students who study for a single A level alongside their BTEC engineering qualification make weak progress in these academic courses.

The school has the following strengths

- Students' progress in their BTEC engineering courses in the sixth form is exceptional and improving year on year.
- The vast majority of students leaving the sixth form go on to science, technology, engineering and mathematics (STEM) related destinations.
- Many pupils leaving Year 11 go on to STEM-related destinations as a result of their strong outcomes in this area.
- Leaders' work to develop pupils' personal development and welfare is effective. Pupils' behaviour is good.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

The 2018/19 Self Evaluation of the UTCs performance against Ofsted Criteria rates the UTC as:

Self-Evaluation Judgements (completed by Headteacher/Principal)					
Measure	Target	Ofsted April 18	Last SEF	This SEF	Comments
Quality of Leadership and Management	2	3	2	2	Governance remains strong and additional capacity provided for MAT joining by KE. Leadership consistency improved through increased collaboration and tracking.
Quality of Teaching, Learning and Assessment	2	3	3	2	Continued focus on staff training and consistency. DFE support from South Bromsgrove beginning to impact especially at middle leader level
Quality of Personal Development, Behaviour and welfare	1	2	2	3	Number of students with issues (fair access and dumped) has resulted in a turbulent period. Swift measures are in place to return to Good.
Quality of Outcomes	2	3	3	3	Whilst mock exams in Year 11 and Year 13 were completed earlier than in previous years, results do not provide sufficient confidence to move SEF judgement to Good at this stage
Quality of 6th form	1	2	3	2	

SKILLS FOR THE FUTURE

As well as the academic outcomes, the key benefit of attending a UTC is the skills for the future, generated by our employer projects, business ethos, core values of our 7 Rs as well as our multicultural community.

Combined Cadet Force

In May 2017, AUEA was awarded the privilege of a school based Cadet force contingent by the DFE's CEP 500 programme. Launching in September 2017 AUEA with a target of 30 students, by December AUEA's cadet force was over 100 strong. In 2018/19 this increased to 120.

AUEA has 5 CCF staff (excluding SSI) of which 4 have commissions. Students follow a full and varied programme with additional extra-curriculum activities in the form of visits/trips, e.g. to the National Memorial Arboretum and RAF Cosford Museum. AUEA CCF also holds an annual Remembrance parade and service attended by all students and staff.

Support and acknowledgement from the parents/carers has been fantastic, as they know how much of an impact the CCF has with the Cadets.

Wider Examples for 2017/18 for opportunities to develop wider skills included:

- Enhanced work placements for all students for up to 4 weeks in Year 10 and weekly in Year 12;
- First UK Level 3 Sandwich course with students studying Year 12 at AUEA, then moving to Austria to study at our partner technical school, HTL Modling, before returning to finish their final year;
- A unique and nationally-leading employer project programme, including building a plane, Royal Navy Projects, Girls Engineering, Rocket School and Bloodhound amongst others;

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Combined Cadet Force (cont'd)**

- AUEA continues to provide a large number of opportunities for students to undertake visits to support and widen their learning. This includes to industry and our partners, wider history and cultural visits as well as trips and expeditions abroad; and
- AUEA has a strong sports programme, competing both nationally and regionally.

Key Financial Performance Indicators

	2019	2018
Pupil numbers (per Census)	614	611
Staff costs as a % of revenue income received from ESFA	76%	73%
Staff costs as a % of total costs	71%	70%
Capital expenditure per pupil (£)	£150	£221
Teaching Staff : Pupil Ratio	1:17	1:17

Going Concern

After making appropriate enquiries, the trustees 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 32 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 £4,111k (2018: £3,978k) consist of revenue grants of £3,976k (2018: £3,795k) from the ESFA, which includes £3,569k (2018: £3,473k) of GAG, £128k (2018: £122k) of Pupil Premium, £200k (2018: £200k) Transitional Funding and £79k of other DfE/ESFA income (2018: £nil). The remainder of the incoming resources is made up of £19k (2018: £31k) for SEN support, other grants (inc. Erasmus) of £7k (2018: £58k), capital grants of £54k (2018: £32k), bank interest of £4k (2018: £2k) and other income of £51k (2018: £60k).

The expenditure of £4,228k (2018: £3,913k), detailed in Notes 7, 8 and 9, consists of educational costs £2,829k (2018: £2,650k), depreciation £283k (2018: £263k), support costs including non-educational cost-of-sales £734k (2018: £654k), premises costs of £273k (2018: £255k), technology costs of £88k (2018: £77k) and governance costs of £21k (2018: £14k).

Financial Performance can best be measured with reference to the movement in the Restricted Income Fund as shown on the Balance Sheet as this excludes the movement in the Local Government Pension Scheme (LGPS) and the Restricted Fixed Asset Fund. This shows a surplus for the year of £203k.

Financial management at the Academy is strong, therefore, although a deficit had been forecast because the Academy did not meet its target student numbers by 30 students in autumn 2018. Additional capital funding and reduced capital spend accounts in the main for the recovery in year.

The Academy cleared all of its historic debt for PNA by February 2019 and is still aiming to achieve a positive reserves position, excluding the Fixed Asset Reserve, subject to receipt of adequate government funding. The cost base has been rationalised to ensure expenditure within budget in 2019/20 but employment costs continue to rise.

Aston University has continued to support the Academy through flexible recharge payment terms to allow the Academy to retain sufficient cash to meet future obligations. Since December 2018, however, the Academy has succeeded in reducing outstanding payroll debt from up to 90 days' credit to 30 and this looks sustainable for the immediate future.

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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Financial and Risk Management Objectives and Policies (cont'd)**

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 £294k (2018: surplus £247k). This was due to LGPS charges and provisions totalling £306k.

The General Reserve in which the educational activities are accounted has a deficit of £103k in the year (2018: surplus £375k), including the increase in LGPS deficit of £306k (2018: surplus £44k), and a cumulative deficit of £701k (2018: £598k).

The Unrestricted Reserve is where fund raising and non-educational activities are accounted. It has a £nil balance as at 31 August 2019 (2018: £nil). 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 2019.

The Fixed Asset Reserve is where the capital expenditure of the Academy is accounted. The movements on this reserve represent additions and in-year depreciation on fixed assets mostly gifted to AUEA on start-up. The net movement in the year is a deficit of £191k represented mainly by the £283k (2018: £263k) 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.

As at the year-end, cash held of £304k is effectively owed to Aston University as payroll debt so there are in effect no free reserves, which will be an issue to address in the longer term.

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 2020. Investments are made with regard to Charity Commission guidance in relation to investments.

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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Investment Policy (cont'd)**

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.

Fundraising

To date, AUEA has not embarked on fundraising activities. However, this is likely to change in future with the growth of the alumni community.

Plans for Future Periods

AUEA has now exceeded its planned maximum capacity of 600. Further growth plans to provide greater financial and academic security are being researched in collaboration with the DFE and the wider Multi Academy Trust program.

Now in our seventh year of both the building and initial investment, there is a need to:

- Ensure the effective replacement of our core IT infrastructure
- Rectify original deficits in the building
- Expand the provision of specialist classroom spaces
- Maintain and/or rectify loss of services in CCTV
- Continue to meet changing national requirements with regard to Safeguarding/lockdown and GDPR.

Funds held on behalf of others

The Academy administers the 16-19 years-old Bursary Fund on behalf of the ESFA represented by income of £39k (2018: £39k). 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.

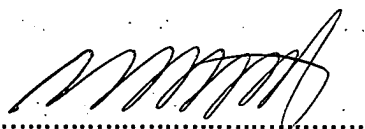
Auditor

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 3 December 2019 and signed on its behalf by:



Mr Neil Scott
Chair of Trustees

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**Scope of Responsibility**

As Trustees we acknowledge we have overall responsibility for ensuring that Aston University Engineering Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board Trustees 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. The Principal is 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 formally met five times during the period. Attendance at meetings of the board was as follows:

Trustee	Date Appointed	Total Possible	Total Attended	% Attended
Richard Billingham	13.03.17	5	3	60%
Alison Davies	27.05.19	2	2	100%
Christopher Dunkley	27.03.18	4	1	25%
Rachael Grant	27.03.18	5	3	60%
Prof Sarah Hainsworth	1.9.18	4	1	25%
Steven Hancock	1.1.15	5	2	40%
Dr Paul Harper	1.8.12	5	5	100%
Peter Hazzard	1.8.16	5	5	100%
Tracy Linton	9.1.15	5	4	80%
Dan Locke-Wheaton	1.8.12	5	5	100%
Dr Trevor Oliver	1.8.16	5	5	100%
Colin Parker	1.1.16	5	5	100%
Dr Iain Roche	1.3.16	5	3	60%
Neil Scott	1.3.15	5	4	80%
Julie Stonall	1.12.16	5	5	100%
Richard Toy	1.11.17	5	4	80%
TOTAL		80	62	78%

The University's Director of Governance, John Walter, is the Secretary to the Board and he attended all meetings. The Academy's Business Manager, Amanda Kaye also attended meetings. Members of the Senior Leadership Team attended meetings by invitation to brief Trustees on matters of strategic importance.

Trustees bring a range of skills and experience to the Board including risk management, audit, governance, accountancy/financial, academic performance management (including experience of secondary schools), project management and senior management within complex organisations in the private and public sectors. The Board of Trustees was further strengthened during the financial year with the appointment of the Director of Finance of Aston University.

Members of the Board were invited to rate their individual competencies against the NGA's model skills matrix which maps on to the DFE's Competency Framework. The responses demonstrate that the Board's skill set covers all of the necessary and desirable skills. The skills matrix is used to inform the appointment, induction and training of new Trustees with a view to ensuring all the key competencies required by the Board are effectively covered. The Board is also prepared, where necessary, to appoint non-voting associate governors as advisors on specific matters (eg SEN). Training and induction provided for each Trustee is determined on the basis of their current level of experience, and training opportunities are identified to address any potential gaps.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

The Board agreed formally to adopt the model Code of Governance developed by Birmingham City Council. All Trustees and attendees of Board and Strategy Forum meetings are required to comply with the Code of Conduct, including the declaration of interests and adherence to the seven principles of public life.

The principal strategic tasks, risks and challenges faced by the Board of Trustees in 2018/19 included:

- i) The Academy's long term financial position and the need to design a sustainable funded organisation model, particularly the need to meet the ESFA repayment schedule for Pupil Number Adjustment (PNA) recovery. The Principal and the Chair met with senior DfE officers to discuss the Academy's current and future position, including a third tranche of £200,000 transitional funding. It was agreed that the Academy would receive this funding subject to a number of conditions, including the submission of a definitive report by the end of October 2018 on whether or not the AUEA would be in a position to join a MAT or similar partnership; the AUEA receiving a visit and advice from a School Resource Manager Advisor (SRMA); and the submission of a 3-year business plan taking into account advice from the SRMA; and the identification of a Governor with appropriate leadership experience. The Academy has now cleared the PNA deficit.
- ii) The Chair and Principal gave regular detailed reports to the Board on progress with investigating opportunities for the AUEA to form a new, or join an existing, MAT or equivalent collaborative organisational structure. Discussions took place with a number of organisations to identify possible synergies and areas of complementary collaboration. The Board considered a draft proposal for the AUEA to join a local MAT and Trustees raised a number of queries and concerns, which will be raised by the Chair and Principal in ongoing dialogue with the Trust concerned. The Board agreed that it was important to ensure that any decision to join a MAT or collaborative organisational structure is in the very best interests of the Academy's beneficiaries, including students and employers.
- iii) The Board approved the submission of a business case to the DfE for a Year 9 intake that would help to provide a more sustainable operating model going forward. This bid was accepted and preparations were expedited to ensure that a high quality Year 9 curriculum and teaching programme would be in place for the first intake in September 2019.
- iv) In view of very buoyant student demand for 2019/20 entry, the Board approved the 2019/20 Budget which will provide a higher surplus based on a planned increase in student numbers, including the new Year 9 cohort. The Academy will need to submit a business case to the ESFA for positive PNA (Pupil Number Adjustment) for the student numbers in excess of this year's funded student population. The Board hopes that the AUEA's business case will be accepted by the ESFA as it is one of the few UTCs to be expanding.
- v) The need to recruit and retain quality teachers in shortage subjects such as mathematics, engineering and science, for whom there is significant and growing national and regional competition.
- vi) The focus on attempts to achieve consistently high student attainment, particularly as the results for the 2017/18 Key Stage 4 cohort were not as good as had been expected, and the mixed results for Key Stage 5 which were outstanding for BTEC but well below national average for A' Level. This is made even more challenging for both staff and students with the introduction of the new curriculum and examinations.
- vii) The Board has been overseeing the Academy's efforts to move from its current Ofsted rating of "Requires Improvement". The Board regularly received reports from the SLT on progress with the action plans which aim:
 - To secure long-term staffing stability in all subjects so that pupils benefit from a settled, specialist teaching team.
 - To improve teachers' skills so that pupils' progress from their starting points improves, especially in mathematics, English, science, and languages teachers better meet the needs of pupils who have SEN and/or disabilities.
 - To review the curriculum for post-16 students so that their progress in the A level part of the course matches the exceptional progress made in the vocational element of their study programme.
- viii) The delivery of the action plan in response to the report of the DfE Visit to the AUEA held on 8th February 2019. This indicated that although improvements had been made in relation to attendance and persistent absence, there was still room for improvement. The Academy was also encouraged to maintain its focus on and efforts to improve students' progress and outcomes.
- ix) The Board approved a Trustee Board Action Plan for 2018/19 which addresses the areas for enhancement identified in the External Governance Review undertaken by George Craig, National Leader of Governance (22nd June 2018).

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

The **Leadership and Finance Forum (LFF)** is a sub-committee of the main Board of Trustees. 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 Forum provides challenge and support to the Principal and the Leadership team in relation to the following AUEA policy areas: Finance, procurement and audit; HR, including staff recruitment, remuneration and performance management; student recruitment; Health and Safety and Facilities Management; IT and Data management, including GDPR; and Risk Management and Business Continuity. LFF has established and monitors Key Performance Indicators to ensure effective leadership and prudent financial management of the Academy, reporting regularly and raising issues to the Board of Trustees. LFF increasingly uses national and UTC sector data to benchmark the performance of the Academy and to ensure that is operating and performing in line with like institutions.

Attendance at meetings in the year was as follows:

Trustee	Date Appointed	Total Possible	Total Attended	% Attended
Richard Billingham	13.03.17	4	4	100%
Alison Davies	27.05.19	1	1	100%
Prof Sarah Hainsworth	1.9.18	4	3	75%
Peter Hazzard	1.8.16	4	3	75%
Richard Toy	1.11.17	4	3	75%
TOTAL		21	15	71%

The secretary to the Board of Trustees is also the secretary to LFF.

Richard Billingham, the University's Director of Human Resources and Organisational Development, Chairs the LFF and Tejinder Malhi, EAS Financial Partner from the University, is a co-opted independent LFF member (who is not a member of the Board of Trustees) to strengthen the professional financial expertise of the membership. LFF has been further strengthened with the appointment of Alison Davies, Director of Finance at Aston University.

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 excluded from the membership of the Forum in view of the need for an independent audit function; however, the Principal, Business Manager and the Facilities Manager are in attendance at meetings.

UHY Hacker Young attended 21 November 2018 meeting of the LFF to present the External Auditor's Management Letter, which made some minor recommendations but provided clean audit opinions on both the financial statements and use of funds audits subsequently noted by the full Board on 4 December.

LFF received regular reports on health and safety arrangements at the Academy, noting that no RIDDOR incidents had occurred during the year.

Governor Training and Briefing Provided in 2018/19

- A presentation of the examination results for 2018/19 from Ruth Sorsby, Assistant Principal for Curriculum and Assessment.
- A presentation from Zara Sahota, Curriculum Area Leader for Mathematics, on the work of the Mathematics team in terms of activities, achievements, progress, challenges and developments.
- A presentation from James Heap, Curriculum Area Leader for Science, on the work of the Science team in terms of activities, achievements, progress, challenges and developments.
- David Chapman, Vice Principal, provided an oral progress update on learning and teaching activities and an overview of the new Ofsted framework and approach (which included an increased focus on the curriculum and student outcomes and the need to maintain).
- Ruth Acton, Assistant Principal - Learner Progress and Development, gave a report on the implementation of ClassCharts (January 2019), an online system enabling teachers to track in real time the achievement and behaviour of individual students throughout the school day. She also provided an overview of the work and progress of the pastoral team in dealing with student behaviour and safety, including dealing with persistent absences and lateness.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

- Cathy Bedney, Director of Sixth Form, provided an overview of student outcomes and progress, and the wide range of actions and interventions being taken at a whole school level and at curriculum area level to address areas requiring improvement.
- The Principal gave a presentation on the development of the Year Nine Curriculum Intent.

Review of Value for Money

As accounting officer the Principal has responsibility for ensuring that the Academy 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, which is becoming an increasing priority as budgets tighten. Reports are made to the board of Trustees where value for money can be improved, including the use of applicable benchmarking data and review of contracts exceeding £10,000.

Value for money has been delivered during the year, including by:

- Teacher training and development with the collaborative TEEP project involving 5 UTCs supported by the Baker Dearing Trust and joint funding with South Bromsgrove Academy for school improvement with associated quality assurance processes;
- Continuing to work with industry partners to meet the aims of the UTC and to broaden the education received by our students;
- Working within the network of UTCs to help and support future development and effectiveness of education in STEMM, of which the TEEP project is one example.
- Collaborating closely with Aston University, the Trust's sponsor, which provides a range of cost-effective services, including Human Resources and Payroll, and provides access to sporting and social facilities on the University campus;
- Terminating the contract for cleaning services due to poor performance as at 30.11.18 and awarding a new contract to a cheaper, more local, provider that had also submitted a tender bid but appeared to present a higher risk during the tender deliberations;
- Reducing the cost of water supplies by about £4,000 per annum for 3 years by tendering for a new supplier in October 2018;
- Upgrading the IT server core switches with an extended maintenance agreement that achieved a saving of £7,000 over 3 years from 2020;
- Rigorous purchasing practice by routine use of price comparison sites and challenging suppliers preferred to match competitors' prices.

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 ending 31st August 2019 and up to the date of approval of the annual report and financial statements. Termly reports are received from the Academy's internal auditors, DRB Ltd. by LFF which monitors corrective action and progress relating to recommendations made.

Capacity to Handle Risk

The Board of Trustees and the LFF have 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 an effective formal on-going process for identifying, evaluating and managing the Academy trust's significant risks was in place for the period ending 31st August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the LFF and the Board of Trustees.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

The Academy's 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;
- regular consideration by the LFF of reports reviewing financial performance against 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.

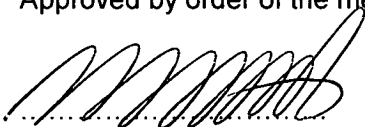
LFF agreed that DRB should be re-engaged to carry out termly internal audit visits and to submit termly reports thereon to the Forum. In 2018/19 testing covered payroll, purchases, contracts, capital contracts, income, expense claims, petty cash, the accounting system and checking the Academy's reporting and budget monitoring. Staff from the University's Finance Department have continued to advise Academy staff on the development of the Academy's financial systems and process.

Review of Effectiveness

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

- the work of the external auditor;
- the work of the internal auditor;
- work and advice from qualified staff from the University Finance Department.

Approved by order of the members of the Board of Trustees on 3 December 2019 and signed on its behalf by:



Mr Neil Scott
Chair of Trustees



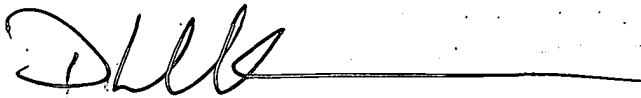
Mr Daniel Locke-Wheaton
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Aston University Academy Birmingham I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2018.

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 2018.

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 ESFA.



.....
Mr Daniel Locke-Wheaton
Accounting Officer
3 December 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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.

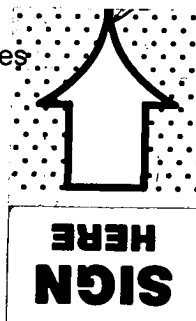
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have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

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

Approved by order of the members of the board of trustees on 3 December 2019 and signed on its behalf by:



Mr Neil Scott
Chair of Trustees



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM FOR THE YEAR ENDED 31 AUGUST 2019**Opinion**

We have audited the financial statements of Aston University Engineering Academy Birmingham (the 'academy trust') for the year ended 31 August 2019 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, governance statement, statement on regularity, propriety and compliance and statement of trustees responsibilities other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 23, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

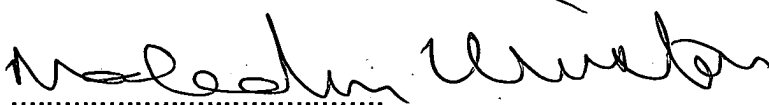
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

3 December 2019

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 22 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2018 to 2019 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the year ended 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Aston University Academy Birmingham and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA 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 ESFA, 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 2018 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2018 to 2019. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2019 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 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Summary of the work undertaken was as follows:

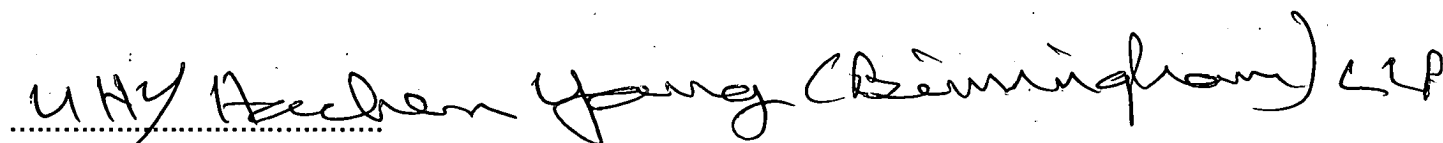
- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ASTON UNIVERSITY ENGINEERING ACADEMY BIRMINGHAM AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Approach (cont'd)**

- 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; and
- 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 2019 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

9-11 Vittoria Street

Birmingham

B1 3ND

3 December 2019

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019
(Including Income and Expenditure Account)

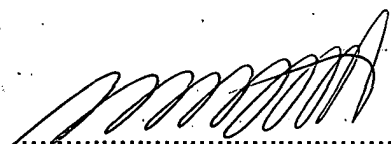
		Unrestricted	Restricted	Restricted		
	Note	Funds	General	Fixed	Total	Total
		£'000	Funds	Asset	2019	2018
		£'000	£'000	Funds	£'000	£'000
Income from:						
Donations and capital grants	3	-	-	54	54	32
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	4,024	-	4,024	3,900
Other trading activities	5	29	-	-	29	44
Investments	6	4	-	-	4	2
Total		33	4,024	54	4,111	3,978
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
- Academy trust's educational operations	7	-	3,945	283	4,228	3,913
Other		-	-	-	-	-
Total		-	3,945	283	4,228	3,913
Net income/(expenditure)		33	79	(229)	(117)	65
Transfers between funds	15	(33)	(5)	38	-	-
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	25	-	(177)	-	(177)	182
Net movement in funds		-	(103)	(191)	(294)	247
Reconciliation of funds						
Total funds brought forward		-	(598)	7,409	6,811	6,564
Total funds carried forward	16	-	(701)	7,218	6,517	6,811

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

BALANCE SHEET AS AT 31 AUGUST 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	12	<u>7,218</u>	<u>7,409</u>
		<u>7,218</u>	<u>7,409</u>
Current assets			
Debtors	13	147	165
Cash at bank and in hand		<u>304</u>	<u>574</u>
		<u>451</u>	<u>739</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(463)</u>	<u>(954)</u>
Net current liabilities		<u>(12)</u>	<u>(215)</u>
Total assets less current liabilities		<u>7,206</u>	<u>7,194</u>
Net assets excluding pension liability		<u>7,206</u>	<u>7,194</u>
Defined benefit pension scheme liability	25	<u>(689)</u>	<u>(383)</u>
Total Net Assets		<u><u>6,517</u></u>	<u><u>6,811</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	15	7,218	7,409
- Restricted income fund	15	(12)	(215)
- Pension reserve	15	<u>(689)</u>	<u>(383)</u>
Total Restricted Funds		<u>6,517</u>	<u>6,811</u>
Unrestricted income fund	15	-	-
Total Unrestricted Funds		<u>-</u>	<u>-</u>
Total Funds		<u><u>6,517</u></u>	<u><u>6,811</u></u>

The financial statements on pages 29 to 50 were approved by the trustees and authorised for issue on 3 December 2019 and signed on their behalf by:



Mr Neil Scott
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided (used in)/provided by operating activities	19	(236)	277
Cash flows from investing activities	20	(34)	(101)
Cash flows from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		<u>(270)</u>	<u>176</u>
 Cash and cash equivalents at 1 September 2018		 574	 398
Cash and cash equivalents at 31 August 2019		<u>304</u>	<u>574</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**1 Statement of Accounting Policies**

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Aston University Engineering Academy Birmingham meets the definition of a public benefit entity under FRS 102.

Going Concern

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

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**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised in full when there is an entitlement 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 the restricted fixed asset fund.

- **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 receipt is probable and it can be measured reliably.

- **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 academy trust has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

Incoming Resources (cont'd)

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

- **Transfers of leasehold property**

Leasehold property transferred to the academy trust from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. 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.

Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

Tangible fixed assets (cont'd)

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 assets are:

Leasehold land & 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 under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

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

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.

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 quadrennial valuations using a prospective unit credit method. As stated in Note 25, the TPS is a multi employer scheme with no underlying assets to assign between employers. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Pensions Benefits (cont'd)**

The LGPS is a multi funded employer 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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)*Critical areas of judgement*

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (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 2019 (see note 15).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Devolved formula capital grant	-	49	49	22
Other capital grants	-	5	5	10
	-	54	54	32

The income from donations and capital grants was £54,000 (2018: £32,000 of which £nil (2018: £nil) was unrestricted and £54,000 (2018: £32,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	3,569	3,569	3,473
Pupil premium grant	-	128	128	122
Teachers pay grant	-	27	27	-
Other DfE/ESFA grants	-	252	252	200
	-	3,976	3,976	3,795
Other Government grants				
Special educational needs grant - BCC	-	19	19	6
Special educational needs grant - WCC	-	-	-	25
Other grants - Erasmus	-	7	7	58
Other grants	-	18	18	-
	-	44	44	89
Other income from the academy trust's educational operations	-	4	4	16
	-	4	4	16
	-	4,024	4,024	3,900

The income from the academy trusts's educational operations was restricted for both 2019 and 2018. General annual grant comprised: £3,569,000 GAG less £nil pupil number adjustment (2018: £3,473,000 GAG less £90,000 pupil number adjustment).

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
School activities	29	-	29	35
Hire of facilities	-	-	-	9
	29	-	29	44

The income from other trading activities was £29,000 (2018: £44,000) of which £29,000 (2018: £44,000) was unrestricted and £nil was restricted (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Bank interest received	4	-	4	2
	<u>4</u>	<u>-</u>	<u>4</u>	<u>2</u>

The income from the academy trusts's investment income was unrestricted for both 2019 and 2018.

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2019 £'000	Total 2018 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
Direct costs	-	-	-	-	-
Allocated support costs	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Academy's educational operations					
Direct costs	2,532	-	297	2,829	2,650
Allocated support costs	472	556	371	1,399	1,263
	<u>3,004</u>	<u>556</u>	<u>668</u>	<u>4,228</u>	<u>3,913</u>
	<u>3,004</u>	<u>556</u>	<u>668</u>	<u>4,228</u>	<u>3,913</u>

The expenditure was £4,228,000 (2018: £3,913,000) of which £3,945,000 (2018: £3,650,000) was restricted and £283,000 (2018: £263,000) restricted fixed assets.

Net income/(expenditure) for the year includes:

	Total 2019 £'000	Total 2018 £'000
Operating lease rentals	12	15
Depreciation	283	263
Fees payable to auditor for:		
- audit	7	7
- other services	1	1
	<u>1</u>	<u>1</u>

8 CHARITABLE ACTIVITIES

	Total 2019 £'000	Total 2018 £'000
Direct costs - educational operations	2,829	2,650
Support costs - educational operations	1,399	1,263
	<u>4,228</u>	<u>3,913</u>

Analysis of Support Costs

	Total 2019 £'000	Total 2018 £'000
Support staff costs	472	434
Depreciation	283	263
Technology costs	88	77
Premises costs	273	255
Other support costs	262	220
Governance	21	14
	<u>1,399</u>	<u>1,263</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

9 STAFF**a Staff costs**

	2019	2018
	£'000	£'000
Staff costs during the year were:		
Wages and salaries	2,186	2,007
Social security costs	217	198
Pension costs	472	452
	<u>2,875</u>	<u>2,657</u>
Agency staff costs	129	97
Staff restructuring costs	-	-
	<u><u>3,004</u></u>	<u><u>2,754</u></u>

b Staff severance payments

There have been no staff restructuring costs in either 2018 or 2019.

c Staff numbers

The average number of persons (including School Leadership Team) employed by the Academy during the year ended 31 August 2019 expressed as whole persons and full time equivalents was as follows:

	2019		2018	
Charitable Activities	No.	FTE	No.	FTE
Teachers	37	33	34	31
Administration and support	40	32	37	25
Management	4	4	4	4
	<u>81</u>	<u>69</u>	<u>75</u>	<u>60</u>

d Higher paid staff

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

	2019	2018
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£100,001 - £110,000	<u>1</u>	<u>1</u>

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £382,836 (2018: £368,685).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**10 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 contracts of employment as principal and staff and not 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:

D Locke-Wheaton (Principal and Trustee)		
Remuneration	£100,001 - £105,000	(2018: £100,001 - £105,000)
Employers pension contribution	£15,001 - £20,000	(2018: £15,001 - £20,000)
S Hancock (Staff Trustee)		
Remuneration	£35,001 - £40,000	(2018: £30,001 - £35,000)
Employers pension contribution	£5,001 - £10,000	(2018: £5,001 - £10,000)
R Grant (Staff Trustee)		
Remuneration	£20,001 - £25,000	(2018: £20,001 - £25,000)
Employers pension contribution	£Nil - £5,000	(2018: £Nil - £5,000)

During the year ended 31 August 2019 £915 (2018: £1,069) travel, subsistence and educational expenses were reimbursed to the trustees.

Other related party transactions including trustees are set out in note 26.

11 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. The cost of this insurance is included but not itemised in the Academy's premium to DfE for the Risk Protection Arrangement. The total supplementary payment was £12,240 (2018: £12,220).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2018	7,845	924	675	9,444
Additions	-	28	64	92
Disposals	-	-	-	-
At 31 August 2019	<u>7,845</u>	<u>952</u>	<u>739</u>	<u>9,536</u>
Depreciation				
At 1 September 2018	927	533	575	2,035
Charged in year	157	93	33	283
Disposals	-	-	-	-
At 31 August 2019	<u>1,084</u>	<u>626</u>	<u>608</u>	<u>2,318</u>
Net book value				
At 31 August 2019	<u>6,761</u>	<u>326</u>	<u>131</u>	<u>7,218</u>
At 31 August 2018	<u>6,918</u>	<u>391</u>	<u>100</u>	<u>7,409</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 and Skills Funding Agency by a firm of Chartered Surveyors Mouchel that determined the leasehold land and buildings gifted had a depreciated replacement cost value of £7,767,000.

13 DEBTORS

	2019 £'000	2018 £'000
Trade debtors	1	5
VAT recoverable	26	42
Prepayments and accrued income	120	118
	<u>147</u>	<u>165</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	106	176
Other creditors	275	700
Accruals	32	36
Deferred income	50	42
	<u>463</u>	<u>954</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (cont'd)

Deferred Income

	2019 £'000	2018 £'000
Deferred income at 1 September	42	64
Resources deferred in the year	50	42
Amounts released from previous years	(42)	(64)
Deferred income at 31 August	<u>50</u>	<u>42</u>

At the balance sheet date the academy was holding funds received in advance for 2019/20 for the Erasmus grant £6,783 (2018: £7,023), Institute of Physics grant £500 (2018: £500), Resource fees £8,295 (2018: £4,800), Ministry of Defense Combined Cadet Force £4,169 (2018: £Nil), Ogden Trust grant £4,325 (2018: £5,000), Rolls Royce Grant £1,000 (2018: £1,000), Rates Relief funding £22,050 (2018: £21,569), STEM skills funding £192 (2018: £192), NIC Rebate £1,750 (2018: £1,750), Arkwright School funds £200 (2018: £200) and iRail Prize £680 (2018: £nil).

15 FUNDS

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

	Balance at 1 September 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General annual grant (GAG) (note i)	(215)	3,569	(3,361)	(5)	(12)
Other DfE/ESFA grants (note ii)	-	407	(407)	-	-
Other (note iii)	-	48	(48)	-	-
	<u>(215)</u>	<u>4,024</u>	<u>(3,816)</u>	<u>(5)</u>	<u>(12)</u>
Restricted fixed asset funds					
Fixed assets donation (note iv)	6,677	-	(152)	-	6,525
DfE/ESFA capital grants (note v)	607	49	(107)	-	549
Capital expenditure from GAG (note vi)	116	-	(22)	38	132
Other capital grants	9	5	(2)	-	12
Total restricted funds	<u>7,409</u>	<u>54</u>	<u>(283)</u>	<u>38</u>	<u>7,218</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(383)	-	(129)	(177)	(689)
	<u>(383)</u>	<u>-</u>	<u>(129)</u>	<u>(177)</u>	<u>(689)</u>
Total restricted funds	<u>6,811</u>	<u>4,078</u>	<u>(4,228)</u>	<u>(144)</u>	<u>6,517</u>
Unrestricted funds					
Unrestricted funds (note viii)	-	33	-	(33)	-
Total unrestricted funds	<u>-</u>	<u>33</u>	<u>-</u>	<u>(33)</u>	<u>-</u>
Total Funds	<u>6,811</u>	<u>4,111</u>	<u>(4,228)</u>	<u>(177)</u>	<u>6,517</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

15 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 2019 (see note 2).
- ii) Other DfE/ESFA and local grants are used for the specific purposes intended.
- iii) Other restricted general grants include EU-funded projects for collaboration with a technical college in Austria.
- iv) Restricted fixed assets were funded by BCC donating Academy land and buildings on a 125 year lease at a pepper corn rent.
- v) DfE/ESFA capital grants are used for capital additions for educational purposes.
- vi) The gross transfer from the restricted general fund to the restricted fixed asset fund of £38,000 (2018: £103,000) represents the total capital expenditure from GAG during the year. The gross transfer from unrestricted fund to the restricted general fund of £33,000 (2018: £46,000) represents a contribution to the restricted general fund deficit.
- vii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 25).
- viii) Unrestricted funds include surpluses from activities for generating income (for example: lettings and third party event catering, staff secondments, sales of PV electricity, sales of uniform, books and revision guides and car parking receipts) and any voluntary donations to be spent at the discretion of the trustees.

Comparative information in respect of the proceeding period is as follows:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	(546)	3,473	(3,085)	(57)	(215)
Other DfE/ESFA grants (note ii)	-	322	(322)	-	-
Other (note iii)	-	105	(105)	-	-
	<u>(546)</u>	<u>3,900</u>	<u>(3,512)</u>	<u>(57)</u>	<u>(215)</u>
Restricted fixed asset funds					
Fixed assets donation (note iv)	6,827	-	(150)	-	6,677
DfE/ESFA capital grants (note v)	686	22	(101)	-	607
Capital expenditure from GAG (note vi)	24	-	(11)	103	116
Other capital grants	-	10	(1)	-	9
Total restricted funds	<u>7,537</u>	<u>32</u>	<u>(263)</u>	<u>103</u>	<u>7,409</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(427)	-	(138)	182	(383)
	<u>(427)</u>	<u>-</u>	<u>(138)</u>	<u>182</u>	<u>(383)</u>
Total restricted funds	<u>6,564</u>	<u>3,932</u>	<u>(3,913)</u>	<u>228</u>	<u>6,811</u>
Unrestricted funds					
Unrestricted funds (note viii)	-	46	-	(46)	-
Total unrestricted funds	<u>-</u>	<u>46</u>	<u>-</u>	<u>(46)</u>	<u>-</u>
Total Funds	<u>6,564</u>	<u>3,978</u>	<u>(3,913)</u>	<u>182</u>	<u>6,811</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	Total
	£'000	£'000	£'000	Restricted Funds £'000	£'000
Tangible fixed	-	-	-	7,218	7,218
Current assets	-	-	451	-	451
Current liabilities	-	-	(463)	-	(463)
Non current liabilities	-	-	-	-	-
Pension scheme liability	-	(689)	-	-	(689)
	<u>-</u>	<u>(689)</u>	<u>(12)</u>	<u>7,218</u>	<u>6,517</u>

Comparative information in respect of the preceding period is as follows:

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	Total
	£'000	£'000	£'000	Restricted Funds £'000	£'000
Tangible fixed	-	-	-	7,409	7,409
Current assets	-	-	739	-	739
Current liabilities	-	-	(954)	-	(954)
Non current liabilities	-	-	-	-	-
Pension scheme liability	-	(383)	-	-	(383)
	<u>-</u>	<u>(383)</u>	<u>(215)</u>	<u>7,409</u>	<u>6,811</u>

17 CAPITAL COMMITMENTS

	2019	2018
	£'000	£'000
Contracted for, but not provided in the financial statements	<u>7</u>	<u>-</u>
Authorised by trustees, but not yet contracted	<u>-</u>	<u>-</u>

18 COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£'000	£'000
Operating leases which expire:		
Within one	-	12
Within two to five years	-	-
	<u>-</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

19 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Net (expenditure)/income for the reporting period (as per the SOFA)	(117)	65
Adjusted for:		
Depreciation (note 12)	283	263
Capital grants from DfE and other capital income	(54)	(32)
Interest receivable	(4)	(2)
Defined benefit pension scheme cost less contributions payable (note 25)	121	128
Defined benefit pension scheme finance cost (note 25)	8	10
Decrease in debtors	18	36
Decrease in creditors	(491)	(191)
Net cash (used in)/provided by operating activities	(236)	277

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £'000	2018 £'000
Interest received	4	2
Purchase of tangible fixed assets	(92)	(135)
Capital grants from DfE/ESFA	49	22
Capital grant funding received from sponsors and others	5	10
Net cash used in investing activities	(34)	(101)

21 CASH FLOWS FROM FINANCING ACTIVITIES

	2019 £'000	2018 £'000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash (used in)/provided by financing activities	-	-

22 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2019 £'000	At 31 Aug 2018 £'000
Cash in hand and at bank	304	574
Total cash and cash equivalents	304	574

23 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 reference to:

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

24 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS**

The academy trust'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 2019 was £472,000 (2018: £452,000) of which £235,000 (2018: £229,000) relates to the TPS and £237,000 (2018: £223,000) 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 March 2016.

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

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

SCHEME CHANGES

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employers costs paid to TPS in the year amounted to £235,000 (2018: £229,000).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

25 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 2019 was £278,000 (2018: £255,000) of which employers contributions totalled £237,000 (2018: £223,000) and employees contributions totalled £41,000 (2018: £32,000). The agreed contributions for future years are on average 16.67% (2018: 16.6%) for employers and 5.5% (2018: 6.6%) 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:

	2019	2018
	% per annum	% per annum
Discount rate	1.90%	2.70%
Salary increases	3.65%	3.80%
Pension increase	2.15%	2.30%

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

	2019	2018
	Approx £'000	Approx £'000
Discount rate reduced by 0.1% per annum	52	36
Assumed pension increased by 0.1% per annum	49	34
Salary growth increased by 1.0% per annum	(3)	(2)
Life expectancy at retirement increased by 1 year	59	38

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2019	2018
	years	years
Longevity at age 65 retiring today		
- Men	20.9	21.9
- Women	23.2	24.4
Longevity at age 65 retiring in 20 years		
- Men	22.6	24.1
- Women	25.1	26.7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equity instruments	603	505
Debt instruments	133	87
Property	82	65
Cash	36	30
Other	149	111
Total market value of assets	1,003	798
Present value of scheme liabilities		
- Funded	(1,003)	(798)
- Unfunded	(689)	(383)
Total liabilities	(1,692)	(1,181)
Deficit in the scheme	(689)	(383)

The actual return on the scheme assets in the year was a surplus of £57,000 (2018: £9,000).

Amounts recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	204	213
Past service cost	25	-
Interest income	(24)	(19)
Interest cost	32	29
Total operating charge	237	223

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2019 £'000	2018 £'000
Changes in deficit during the period		
Balance at 1 September 2018	383	427
Movement in year:		
- Employer service cost (net of employee contributions)	204	213
- Past service cost	25	-
- Employer contributions	(108)	(85)
- Expected return on scheme assets	(24)	(19)
- Interest cost	32	29
- Actuarial losses/(gains)	177	(182)
Deficit in the scheme at 31 August 2019	689	383

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

	2019 £'000	2018 £'000
Balance at 1 September 2018	1,181	1,099
Current service cost	204	213
Past service cost	25	-
Interest cost	32	29
Contributions by scheme participants	41	32
Benefits paid	(1)	-
Actuarial losses/(gains)	210	(192)
Scheme liabilities at 31 August 2019	1,692	1,181

Changes in the fair value of academy's share of scheme assets:

	2019 £'000	2018 £'000
Balance at 1 September 2018	798	672
Expected return on scheme assets	24	19
Actuarial gains/(losses)	33	(10)
Contributions by employer	108	85
Benefits paid	(1)	-
Contributions by scheme participants	41	32
Fair value of scheme assets at 31 August 2019	1,003	798

The estimated value of employer contributions for the year ended 31 August 2020 is £96,000 (2019: £85,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**26 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 in accordance requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the period of account:

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

HR and payroll services £11,918 (2018: £11,030);

Hire of sports facilities £15,456 (2018: £24,692);

Hire of car park spaces £10,129 (2018: £12,650); and

Hire of conference suite £773 (2018: £6,398).

The amounts outstanding at 31 August 2019 are £nil (31 August 2018: £431,168.58).

The academy also received £580 (2018: £448) in respect of transport contributions from Aston University. The amounts outstanding at 31 August 2019 are £nil (2018: £448).

Mr D Locke-Wheaton is a director of Titan Partnership Limited. The academy paid Titan Partnership £9,803 for educational services in 2018/19 (2018: £13,308) and £4,500 was outstanding at 31 August 2019 (31 August 2018: £8,276).

The element above £2,500 has been provided "at no more than cost" and Titan Partnership has provided a statement of assurance confirming this.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2018.

27 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the trust received £41,796 (2018: £39,304) and disbursed £46,669 (2018: £30,644) from the fund. An amount of £14,524 (2018: £19,397) is included in other creditors relating to the undistributed funds that is repayable to the ESFA.

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

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