

**JAMES BRINDLEY SCHOOL
(A Company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018



***Company Limited by Guarantee
Registration Number: 07844694
(England & Wales)***

CONTENTS

	Page
Reference and Administrative Information	3
Trustees' Report	4
Governance Statement	12
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17
Independent Reporting Accountant's Report on Regularity	20
Statement of Financial Activities	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements	25

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS, TRUSTEES AND ADVISORS

Members	Claire Marshall Mark Harvey Clive Reeves Alastair Cowen Melissa Daly
Trustees	C Marshall - Chair and Community Trustee M Harvey - Vice Chair and Community Trustee J Bradshaw - Principal & Accounting Officer* J Brown - Community Trustee * C Reeves - Community Trustee C Jeff - Parent Trustee * D Marriott - Parent Trustee J Wilkinson - Staff Trustee (resigned 31/08/2018) A Cowen - Community Trustee * M Daly - Community Trustee P Quiney - Staff Trustee J Hinchliffe - Staff Trustee (appointed 01/09/2017) R Lloyd - Community Trustee (appointed 04/12/2017)
* = members of the Finance & Audit Committee	
Company Secretary	A Ralphs (resigned 29/03/2018) J Murgatroyd (appointed 14/05/2018)
Senior Management Team	
Principal	J Bradshaw
Vice Principal	H Bissell
Strategic Lead; Hospitals & Development	K Murphy
Assistant Principal	T Gabriel
Assistant Principal	L Valentini
Principal & Registered Office	James Brindley School Bell Barn Road Birmingham, B15 2AF
Company Registration No	07844694
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham, B1 3ND
Responsible Officer	Amethyst Advisory 10 Barlow Drive, Fradley Lichfield WS13 8TL

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The company was incorporated on 11 November 2011 and the school became an Academy on 1 April 2013. The trust operates an Academy for children and young people aged 4 to 19 serving a catchment area in Birmingham, West Midlands, who are in hospital or unable to attend mainstream school due to their medical conditions or educational needs. The Academy had pupil throughput of 2,423 (2017: 3,323). The numbers of pupils on roll during the Autumn 2017, Spring 2018 and Summer 2018 were 255, 284 and 317 (2017: 368, 293 and 308) respectively.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The Academy Trust is a company limited by guarantee with no share capital (registration no: 07844694) 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 for James Brindley School Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as James Brindley School.

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 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.

Trustees' Indemnities

James Brindley School has in place directors and trustees liability insurance indemnity cover to a limit of £25,000,000.

Method of Recruitment and Appointment or Election of Directors and Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the Company's Standing Orders. These include application, short listing and interviewing procedures. Consideration is given to the skills of directors and trustees which would enhance the effectiveness of the trust. Parent, Community and Staff Trustees have been nominated and elected.

Policies and Procedures Adopted for the induction and Training of Trustees

During the year under review the trustees held 6 full Board meetings and a large number of sub-committee meetings. The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal, and financial matters. All new trustees meet with the Chair of trustees and will be given a tour of the Academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

Organisational Structure

The School's structure consists of five levels: the members, the trustees, the Leadership Team, Centre Leaders and Heads of Curriculum. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The 2017/18 Leadership Team comprised of the Principal, Vice Principal, two Assistant Principals and Strategic Development Manager. These leaders control the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Leadership are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to senior and curriculum leaders within limits agreed in the scheme of delegation.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Trade union facility time**

Relevant union officials	Numbers	FTE's
Employees who were relevant union officials during the relevant period	3	2.6

Percentage of time spent on facility time

Percentage of time	Employee Numbers
0%	-
1% - 50%	3
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£2,813
Total pay bill	£7,581,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

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	2.25%
--	-------

Arrangements for setting pay and remuneration of key management personnel

The pay ranges which the Governing Board is required to set for the Principal and other members of the leadership group by the School Teachers' Pay and Conditions Document will follow the rules in that Document and reflect the responsibilities of the job in addition to the size of the school, any other factors specified in the School Teachers' Pay and Conditions Document. The Governing Board will record the reasons for the levels of the pay ranges set. The Governing Board will review the salaries of the Principal, Vice Principal and Assistant Principals annually. There will be a procedure and timetable for the annual review giving the option of personal appearances before the committee, with the option to be accompanied by a representative if the teacher so chooses. There are seven consecutive points for the pay range of the Principal between L37-L43, five consecutive points, currently set between L21-L25 for the pay range of the Vice Principal and five consecutive points, currently set between L14-L18 for the pay ranges of Assistant Principals, a five point range from L8-L12 for Heads of English and Maths; a five point range between L6-L10, L7-L11 or L9-13 for Teaching Centre Leaders and a five point range between L4-L8 for Assistant Centre Leaders.

Connected Organisations

As part of its operation the Academy liaises with organisations such as Local Authorities as well as with other education providers and trainers such as local schools, further education institutions and universities. The Academy also has strong links with Health Service professionals. These links are maintained in the interests of supporting good practice and information sharing and consolidate well established mutually supportive associations.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

James Brindley is a Special Academy working mainly with pupils who cannot access their mainstream schools due to their physical or mental health needs.

The principal object and activity of the charitable company is to advance for the public benefit education in the West Midlands, in particular without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Objects and Aims (cont'd)**

The underlying purpose of the Academy during the year ended 31 August 2018 was to provide an individually tailored educational programme and pathway to enable each pupil to succeed at school and to prepare them for their future life. To be achieved by;

- Ensuring that Academy developments are planned exclusively around meeting pupils' needs.
- Continuously reviewing and evaluating our work with the aim of further improving the quality of educational opportunities and the achievements of our pupils.
- Recognising and celebrating the success of both staff and pupils.
- Working effectively and in partnership with parents, our colleagues in the NHS, BCC and other key professionals and the wider Birmingham school community.
- Delivering a broad, balanced and engaging curriculum.
- Providing a safe, secure and stimulating learning environment in which the team of highly skilled staff deliver engaging teaching and effective support programmes to meet the needs of all pupils.
- Valuing the entire school community, promoting well-being and encouraging spiritual, moral, social and cultural development in an atmosphere that fosters British Values and the growth of respect and responsible behaviour.
- Making learning an integral part of children and young people's stay in hospital or a longer term residential centre in order to ensure continuity and enjoyment for each individual pupil.
- Preparing and empowering pupils for their future lives.
- Placing a high importance on transferring back to school or to another educational setting as seamlessly as possible.
- Providing a range of stimulating, age appropriate 'extension' activities designed to build confidence, self-esteem, resilience and emotional maturity.

Principle Activities

James Brindley provides education for children and young people aged 4 - 19, who are in hospital or unable to attend mainstream school due to their medical conditions or educational needs. The length of time pupils spend in the Academy is dependent on their needs and varies from a short visit to a much longer stay. The Academy understands that this can be a worrying time for pupils and parents or carers, and recognises the importance of good educational provision and the role it plays in trying to normalise a child's life.

Education is a partnership between the Academy and home, and the Academy actively seeks to ensure parents and carers are involved in their child's learning at every stage, encouraging them to achieve and contribute fully to society.

To encourage a positive learning environment, James Brindley has a series of guiding principles which all our teachers and staff follow. They are expected to:

- role model the behaviour expected from pupils and to promote courtesy and good manners as the
- respect, value and understand the individual needs of pupils;
- provide opportunities to promote pupils spiritual, moral and cultural development;
- enable each young person to return to mainstream education, training or working as soon as is practicable;
- strive to ensure equality of opportunity for all our pupils within the framework of the National Curriculum as appropriate;
- hold high expectations of young people with realistic challenges for academic achievement;
- co-operate and communicate effectively with other involved agencies;
- foster strong working relationships with pupils, parents and mainstream schools.

Objects, Strategies and Activities

The Academy's main strategy is encompassed in its vision statement. To this end the activities provided include:

- education for children and young people aged 4 – 19, who are in hospital or unable to attend mainstream school due to their medical conditions or educational needs;

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Objects, Strategies and Activities (cont'd)**

- recognition of the importance of good educational provision and the role it plays in trying to normalise a child's life;
- partnerships between school and home;
- ensuring parents and carers are involved in their child's learning at every stage, encouraging them to achieve and contribute fully to society whilst supporting pupils, parents and carers at what can be a worrying time for them;
- a range of GCSE, vocational and entry level qualifications to ensure pupils are prepared for external examinations or accreditation as appropriate to their medical condition and key stage;
- a menu of PE/leisure activities delivered by professional instructors;
- opportunities for out of hours learning for pupils and a varied menu of activities aimed at supporting pupil's emotional wellbeing as well as engaging their families;
- a broad and balanced education programme which is designed to help the pupils extend learning and reach their full potential.

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 opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Accessibility

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment of its older buildings and grounds where practical.

Public Benefit

The trustees have complied with their duty in section 4 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission (on their website) in exercising their powers or duties.

During 2017/18 the following activities relating to public benefit were undertaken:

- The education and learning of 2,423 pupils by 187 teachers and other staff;
- Setting challenging targets for pupils and staff to ensure that high academic expectations are maintained alongside social and emotional support.

These key activities were underpinned by the:

- Focus on improving attendance;
- Increased focus on the quality of teaching and learning and accelerating pupil progress.
- Improvements to the ICT infrastructure.
- Improvements to the learning environments.

STRATEGIC REPORT**Achievements and Performance**

The Academy has completed its sixth year of operation since becoming an Academy on 1 April 2013.

In January 2017 the school was judged as 'good' by Ofsted, prior to this the school had been placed in Special Measures. The Academy had four monitoring inspections prior to the section 5 report. On each occasion the reports recognised the positive improvements being made across the range of provisions.

James Brindley tracks pupil progress from the time they join us. Pupils regularly arrive performing below what they achieved at KS2 and therefore need to catch up. Our high standards and our desire to deliver the very best education to pupils means that we do track pupils against the nationally expected rates of progress although this is a challenge for many of our young people. In the first instance we expect all pupils to make at least three national curriculum levels of progress from their baseline. Our aim is to get pupils back on track with their KS2 potential wherever possible and all teachers will support pupils to achieve their 'catch up target'.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

In 2017/18 we had an increase in the percentage of pupils achieving 5+ GCSEs at 9-4 compared to 2016/17. 15.3% of pupils left having achieved 5+ GCSEs at 9-4 including English and Maths. 22% of pupils achieved a 9-4 in English and Maths. In addition, our figures compare very favourably to national averages for Hospital and Special schools.

On the whole our pupils struggle more in academic subjects such as English and Maths, where missed learning can have a dramatic effect on attainment levels. However, we continue to target these subjects, have high expectations, and as a result pupils make progress. We have put a number of whole school interventions in place for both English and Maths. As a result 33.9% of pupils in school achieved 9-4 in English and 30.5% in Maths. We have put a number of whole school interventions in place for both English and Maths including Progress Mentors to specifically support our pupil premium students.

EYFS and KS1 have a small amount of pupils, a number of whom are only with us for a short period of time making any analysis statistically less meaningful. At Dovedale KS2, 16.7% of pupils met the expected standards in Maths, 33.4% in writing and 66.8% in reading.

We are proud of the progress demonstrated by Pupil Premium pupils. Our data evidenced that our Pupil Premium pupils made progress in line with Non Pupil Premium pupils.

We track all pupil groups, and analyse data thoroughly. As expected, the performance of our most able outstrips that of other groups but we remain focussed on securing further improvement. We believe our success lies with staff high expectations and our ability to teach pupils in a highly differentiated manner.

We help and support both pupils and their parents or carers extensively in the exploration of post 16 options, the application process and transition from James Brindley School to post 16 providers.

By the end of the summer term, over 76% of our sole registered 2018 cohort received a September guarantee offer from a post 16 provider including mainstream schools with sixth forms, mainstream colleges and independent specialist provision

By 5th October 2018, 83% of our sole registered 2018 cohort started post 16 provision with a further 8% awaiting SENAR consultation to name a post 16 provider and the remaining 9% who are currently not in education employment or training NEET.

We are offering continued support to all young people who are NEET and a referral to Birmingham Careers Service has also been submitted.

Areas for Further Development

There has been significant changes made to the leadership and organisational structure to ensure that we promote equality and high expectations for all our pupils. Particular areas for development include;

- To implement positive, inclusive behaviour strategies and rewards to increase attendance and engagement and further reduce exclusions.
- To establish effective Data and ICT Strategies to ensure reliable, future-proofed systems and resources to support pupil learning and development.
- To further develop flexible, personalised learning and growth programmes which both extend the most able and support pupils with significant gaps in their prior learning to accelerate progress and
- To introduce an enhanced Careers Education programme to inform curriculum choice, raise aspiration and broaden post-16 opportunities and increase employability
- To create a "development for all" CPD culture that provides staff with relevant and developmental opportunities in line with their aspirations, well-being and appraisal targets
- To enhance the Academy's profile and reputation through effective communication with parents, wider stakeholders and partners
- To action a sustainable business model designed to maintain a high quality of educational provision whilst ensuring future financial viability.
- To sharpen quality assurance procedures and processes to ensure that Governors are able to fulfil their accountability function.
- To consider options for expanding current provision prior to clarifying priorities for the future development and direction of James Brindley.
- To continue to place safeguarding and inclusion at the heart of everything we do.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

To ensure that standards continually rise, the Academy deploys robust monitoring and evaluation systems and extensive training to improve the quality of teaching, learning and assessment. The Academy also participates in local and national programmes to improve rates of student progress.

Governors at James Brindley have identified key strategic risks which will be monitored by the Full Governing Board or Sub Committees of the Governing Board as appropriate.

The Academy is developing a Partnership Agreement with Birmingham City Council and strengthening the SLAs with NHS providers. We also work closely with other Schools and Agencies.

Key Financial Performance Indicators

The Academy Trust established a financial budget at the start of the year and a Finance and Audit Committee to monitor performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. The trustees consider that the following are key performance indicators for the Academy Trust:

	2018	2017
Pupil numbers	2,423	3,323
Staff costs as a percentage of ESFA revenue income	97%	96%
Staff costs as a percentage of total income	86%	87%
Staff costs as a percentage of total costs	85%	83%
Capital expenditure per pupil	£270	£95

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation 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. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW**Overview**

The principal source of funding for the Academy Trust is the General Annual Grant. Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £8,888,000 (2017: £9,160,000) was covered by recurrent grant funding from the DfE together with capital grant funding and other incoming resources. The surplus of expenditure over income for the year (excluding transfers between funds, restricted fixed asset funds and restricted pension reserve) was £725,000 (2017: £18,000).

At 31 August 2018 the net book value of fixed assets was £8,237,000 (2017: £7,899,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The Academy was admitted to the Local Government Pension Scheme (LGPS) on a fully funded basis as at 1 April 2013, with past service liabilities exceeding assets by £1,676,000 at that date.

The figures as at 31 August 2018 are based on projecting forward the estimated position at 1 September 2016 and assume that the experience over the year, apart from investment returns, has been in line with the assumptions made at the start of the year.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

The estimated FRS102 liability at 31 August 2018 is £4,777,000 (2017: £5,141,000). The main reason for the decrease in the liability is because of:

- lower assumed rate of salary increases;
- higher assumed rate of future deferred pension revaluation and pension increases in payment;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- change in discount rate;
- change in longevity of retiring members.

It should be noted that the balance sheet, income and expenditure, and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The trust's financial and risk management objectives are documented in its:

- Official budgets;
- Accounting Policy;
- Financial Regulations Manual;
- Principal's Delegation Statement;
- Scheme of Delegation;
- Statement of Internal Controls.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

Reserves policy

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves should be equivalent to 4 weeks expenditure, approximately £660,000 (2017: £763,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies.

There are no free reserves after deducting 4 weeks working capital requirements.

Financial position

The Academy held fund balances at 31 August 2018 of £819,000 (2017: £452,000) after allowing for the pension deficit of £4,777,000 (2017: £5,141,000) and fixed asset funds of £8,237,000 (2017: £7,899,000); comprising £370,000 (2017: £14,000) of restricted funds and £449,000 (2017: £438,000) of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policies on investments are one of minimum risk with all investments being held with the trust's bankers or other banking institutions regulated by the Financial Conduct Authority. The trust will nevertheless seek to maximise interest receipts within this arrangement. This policy has been reviewed in the year ending 31 August 2018, and will be reviewed on annual basis thereafter. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPLE RISKS AND UNCERTAINTIES

The Board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

The Board intends to build on this success by continuing to use its formal risk management policy, which formally documents the managerial action that is taking place, and enables future risk management to be more systematic.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**PRINCIPAL RISKS AND UNCERTAINTIES (cont'd)**

At the time of reporting, Trustees have identified 10 key risks areas:

- Leadership and Governance
- Financial Sustainability
- Educational Standards
- Staffing
- Pupil Attendance
- Safeguarding
- Estates
- Provision
- IT
- Academy Compliance and Communication

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The trustees have implemented a number of systems to assess the risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have maintained systems, including operation procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial control (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statements.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the Academy Trust approach to fundraising practices is as follows:

- our approach to fundraising has been to apply for publicised grants and income that may be beneficial and relevant to James Brindley. We have also worked with professional fundraisers to identify other grants and opportunities.
- We work with the following professional fundraiser; Oaks Consultancy.

Plans for Future Periods

The deficit position of the Local Government Pension Scheme will result in an increase in employers pension contributions over a period of years. The Academy has reviewed its current business plans and budgets to determine how the pension costs will affect future expenditure.

Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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 a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a Strategic Report was approved by the board of trustees on the Finance & Audit Committee and the Full Governing Board on 3 December 2018 and signed on their behalf by:



C Marshall, Chair of Trustees

3 December 2018

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

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

The Board of 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 James Brindley 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** has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of a Possible
J Bradshaw (Principal and Accounting Officer)	6	6
C Marshall (Chair and Community Trustee)	5	6
M Harvey (Vice Chair and Community Trustee)	5	6
J Brown (Community Trustee)	4	6
C Reeves (Community Trustee)	3	4
A Cowen (Community Trustee)	6	6
M Daly (Community Trustee)	3	6
J Wilkinson (Staff Trustee)	4	6
C Jeff (Parent Trustee)	6	6
D Marriott (Parent Trustee)	5	6
J Hinchcliffe	5	6
R Lloyd	3	5
P Quiney	6	6

Governance Review

A self review of governance was performed. The results of this review have identified and resulted in changes to:

- The number of local trustee committees has reduced from 4 to 3 in line with the revised structure of the school and trustees are encouraging wider stakeholder membership.
- Trustees have identified the top ten strategic risks and are now linking all governing board meeting agendas to the risks. This will enable trustees to review how effectively the school have mitigated these risks.
- A new community trustee was recruited in line with the Skills Audit.
- The results of the Skills Audit are being used to recruit to community trustee vacancies.
- Trustees are working with Birmingham City Council to form a new partnership agreement in line with Birmingham's Draft Strategy for SEND and Inclusion 2017-2020.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

The **Finance and Audit Committee** is a sub-committee of the main governing board. Its purpose is to develop the strategic direction and governance procedures on financial matters. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a Possible
J Bradshaw	7	7
J Brown	7	7
A Cowen	7	7
C Jeff	7	7

Review of Value for Money

As Accounting Officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Taking advantage of discounts for advanced payment of LGPS deficit
- Reducing the size of the leadership team and realigning responsibilities
- Realigning the responsibilities of Corporate Services department
- Changing the roles of the facility staff so that we avoid costs of external repairs and maintenance

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 ongoing 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 James Brindley for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**The Risk and Control Framework**

James Brindley 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 reviews by the Finance & Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and decided to appoint Amethyst Advisory as the internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Capital
- Reporting
- Payroll
- Balance sheet and reconciliations

On a termly basis, the internal auditor will provide a report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. During the year the internal auditor has delivered the schedule of work as planned and all material control weaknesses identified have been brought to the attention of the board of trustees for corrective action.

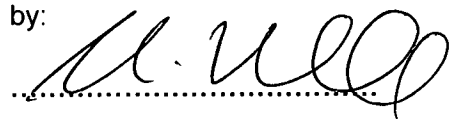
Review of Effectiveness

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:

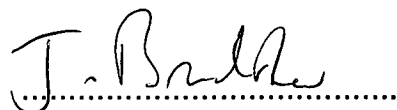
- the work of the internal auditor (Responsible Officer);
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive leaders and managers within the Academy Trust who have responsibility for the development and maintenance of the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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 3 December 2018 and signed on its behalf by:



C Marshall
Chair of Trustees



J Bradshaw
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of James Brindley School 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 2017.

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 2017.

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.

Approved by order of the members of the board of trustees on 3 December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. Bradshaw', written over a dotted line.

J Bradshaw
Principal

Accounting Officer

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who act as governors of James Brindley School 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 2018 and signed on its behalf by:



C Marshall

Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES BRINDLEY SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of James Brindley School (the 'academy trust') for the year ended 31 August 2018 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 2017 to 2018 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 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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 JAMES BRINDLEY SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

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

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

We have nothing to report in this regard.

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 directors' 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 16, 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 JAMES BRINDLEY SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (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 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO JAMES BRINDLEY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 11 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 September 2017 to 31 August 2018 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 James Brindley School 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 the James Brindley School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of James Brindley School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of James Brindley School funding agreement with the Secretary of State for Education dated 1 October 2010, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 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 2017 to 2018 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 trusts 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 regularity;


**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
JAMES BRINDLEY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE
YEAR ENDED 31 AUGUST 2018 (cont'd)**

Approach (con't)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

UHY Hacker Young (Birmingham) LLP

9-11 Vittoria Street

Birmingham

B1 3ND

3 December 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018
(Including Income and Expenditure Account)

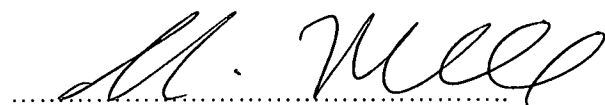
		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2018	2017
	Note	£'000	£'000	£'000	£'000	£'000
Income from:						
Donations and capital grants	3	-	-	295	295	102
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	8,785	-	8,785	8,703
Other trading activities	5	8	-	-	8	-
Investment income	6	3	-	-	3	2
Total		11	8,785	295	9,091	8,807
Expenditure on:						
Raising funds	7	-	-	-	-	-
Charitable activities:						
- Academy trust's educational operations	7	-	8,573	315	8,888	9,160
Total		-	8,573	315	8,888	9,160
Net income/(expenditure)		11	212	(20)	203	(353)
Transfers between funds	15	-	(358)	358	-	-
Other recognised gains and losses						
Actuarial gain/(loss) on defined benefit pension schemes	25	-	866	-	866	(135)
Net movement in funds		11	720	338	1,069	(488)
Reconciliation of funds						
Total funds brought forward	15	438	(5,127)	7,899	3,210	3,698
Total funds carried forward		449	(4,407)	8,237	4,279	3,210

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

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	8,237	7,899
		<u>8,237</u>	<u>7,899</u>
Current assets			
Debtors	13	290	126
Cash at bank and in hand		1,157	609
		<u>1,447</u>	<u>735</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	(628)	(283)
Net current assets		<u>819</u>	<u>452</u>
Total assets less current liabilities		9,056	8,351
Net assets excluding pension liability		<u>9,056</u>	<u>8,351</u>
Defined benefit pension scheme liability	25	(4,777)	(5,141)
Total Net Assets		<u>4,279</u>	<u>3,210</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	15	8,237	7,899
- Restricted income fund	15	370	14
- Pension reserve	15	(4,777)	(5,141)
Total Restricted Funds		<u>3,830</u>	<u>2,772</u>
Unrestricted income fund	15	449	438
Total Unrestricted Funds		<u>449</u>	<u>438</u>
Total Funds		<u>4,279</u>	<u>3,210</u>

The financial statements on pages 22 to 45 were approved by the trustees and authorised for issue on 3 December 2018 and signed on their behalf by:



C Marshall
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	19	903	114
 Cash flows from investing activities	 20	 (355)	 (213)
 Change in cash and cash equivalents in the reporting period		<u>548</u>	<u>(99)</u>
 Cash and cash equivalents at 1 September	 22	 609	 708
Cash and cash equivalents at 31 August	22	<u>1,157</u>	<u>609</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

James Brindley School 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.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **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 when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

- **Sponsorship income**

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

- **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'.

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

- **Donated goods, facilities and services (cont'd)**

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 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.

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.

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

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 buildings	2%
Motor vehicles	20%
Furniture and equipment	25%
Plant and Equipment	10%
Computer equipment and software	33.33%

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.

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 note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 2018. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)***Critical areas of judgement (cont'd)***

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 funds received and paid and any balances held are disclosed in note 28.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (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 2018 (See note 15).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
3 DONATIONS AND CAPITAL GRANTS				
Devolved formula capital grant	-	11	11	11
CIF Grant	-	153	153	81
BCC capital grant	-	131	131	9
Donations	-	-	-	1
	<u>-</u>	<u>295</u>	<u>295</u>	<u>102</u>

The income from donations and capital grants was £295,000 (2017: £102,000) all of which £Nil (2017: £1,000) related to unrestricted funds and £295,000 (2017: £101,000) related to restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	7,718	7,718	7,796
Pupil premium grant	-	98	98	110
PE & Sports Grant	-	12	12	5
Universal Infant free school meals	-	-	-	1
Year 7 catch up grant	-	3	3	1
	<u>-</u>	<u>7,831</u>	<u>7,831</u>	<u>7,913</u>
Other Government grants				
Pupil premium grant - BCC	-	7	7	6
Pupil premium grant - CCC	-	-	-	2
Pupil premium grant - WCC	-	1	1	-
Fair funding grant - BCC	-	942	942	774
EHC transfer grant - BCC	-	4	4	5
Other BCC grants	-	-	-	2
School forum funding - BCC	-	-	-	1
	<u>-</u>	<u>954</u>	<u>954</u>	<u>790</u>
	<u>-</u>	<u>8,785</u>	<u>8,785</u>	<u>8,703</u>

The income from the academy trusts's educational operations was restricted for both 2018 and 2017.

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

5 OTHER TRADING ACTIVITIES	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Other income	8	-	8	-
	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>

The income from the academy trusts' other trading activities was unrestricted for both 2018 and 2017.

6 INVESTMENT INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Bank interest received	3	-	3	2
	<u>3</u>	<u>-</u>	<u>3</u>	<u>2</u>

The income from the academy trusts' investment income was unrestricted for both 2018 and 2017.

7 EXPENDITURE

	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
	Staff Costs £'000	Premises £'000	Other Costs £'000	
Expenditure on raising funds				
Direct costs	-	-	-	-
Allocated support costs	-	-	-	-
Academy's educational operations:				
Direct costs	5,674	-	254	5,928
Allocated support costs	1,907	600	453	2,960
	<u>7,581</u>	<u>600</u>	<u>707</u>	<u>8,888</u>
	<u>7,581</u>	<u>600</u>	<u>707</u>	<u>9,160</u>

The expenditure was £8,888,000 (2017 : £9,160,000) of which £Nil (2017 : £Nil) was unrestricted, £8,573,000 (2017 : £8,771,000) restricted and £315,000 (2017 : £388,000) restricted fixed assets.

Net income/(expenditure) for the year includes:	£'000	£'000
Operating leases rentals	23	13
Depreciation	315	388
Fees payable to auditor for:		
Audit	8	8
Other services	2	2

8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	5,928	6,113
Support costs - educational operations	2,960	3,047
	<u>8,888</u>	<u>9,160</u>
Analysis of Support Costs		
Support staff costs	1,907	1,677
Depreciation	315	388
Technology costs	4	3
Premises costs	285	389
Other support costs	400	558
Governance	49	32
	<u>2,960</u>	<u>3,047</u>

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

9 STAFF COSTS**a Staff costs**

	2018	2017
	£'000	£'000
Staff costs during the year were:		
Wages and salaries	5,455	5,642
Social security costs	554	567
Operating costs of defined benefit pension schemes	1,343	1,208
	<u>7,352</u>	<u>7,417</u>
Agency staff costs	211	172
Staff restructuring costs	18	-
	<u>7,581</u>	<u>7,589</u>

b Staff severance payments

Included in staff restructuring costs is a non statutory/non contractual severance payment totalling £17,500 (2017 : £Nil,). This amount is after the deduction of insurance proceeds of £37,500 from the severance payment claim. So the gross amount of the severance payment was £55,000 which was paid on 3 July 2018.

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018	2017
	No.	No.
Charitable Activities		
Teachers	106	118
Administration and support	90	82
Management	5	6
	<u>201</u>	<u>206</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:

	No	No
£60,001 - £70,000	2	4
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£110,001 - £120,000	-	-

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 3. 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 £455,909 (2017 : £461,769).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (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 services they provide undertaking the roles of 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:

J Bradshaw (Principal and Accounting Officer)

Remuneration	£105,000 - £110,000	(2017: £105,000 - £110,000)
Employers pension contributions	£15,000 - £20,000	(2017: £15,000 - £20,000)

P Quiney (staff trustee)

Remuneration	£10,000 - £15,000	(2017: £10,000 - £15,000)
Employers pension contributions	£nil - £5,000	(2017: £Nil - £5,000)

C Dyer (staff trustee) - resigned 31 August 2017

Remuneration	£Nil - £Nil	(2017: £30,000 - £35,000)
Employers pension contributions	£Nil - £Nil	(2017: £5,000 - £10,000)

G McMath (staff trustee)

Remuneration	£30,000 - £35,000	(2017: £30,000 - £35,000)
Employers pension contributions	£5,000 - £10,000	(2017: £Nil - £5,000)

J Hinchliffe (staff trustee)

Remuneration	£25,000 - £30,000	(2017: £25,000 - £30,000)
Employers pension contributions	£nil - £5,000	(2017: £Nil - £5,000)

J Wilkinson (staff trustee) - resigned 31 August 2018

Remuneration	£35,000 - £40,000	(2017: £40,000 - £45,000)
Employers pension contributions	£Nil	(2017: £Nil)

During the year ended 31 August 2018 £902 (2017: £1,757) was reimbursed to trustees in respect of travel and subsistence expenses.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (cont'd)

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 £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £128 (2017: £128).

The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2017	8,137	707	360	9,204
Additions	383	89	181	653
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 August 2018	<u>8,520</u>	<u>796</u>	<u>541</u>	<u>9,857</u>
Depreciation				
At 1 September 2017	599	461	245	1,305
Charged in period	147	100	68	315
Disposals	-	-	-	-
At 31 August 2018	<u>746</u>	<u>561</u>	<u>313</u>	<u>1,620</u>
Net book value				
At 31 August 2018	<u>7,774</u>	<u>235</u>	<u>228</u>	<u>8,237</u>
At 31 August 2017	<u>7,538</u>	<u>246</u>	<u>115</u>	<u>7,899</u>

On 1 April 2013 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. During February 2013 a valuation was prepared by R Gulliani BSc (Hons) MRICS the Strategic Land Advisor at Solihull MBC that the leasehold land and buildings gifted had a fair open market value of £7,097,000.

	2018 £'000	2017 £'000
13 DEBTORS		
VAT recoverable	28	13
Trade debtors	206	-
Prepayments & accrued Income	56	113
	<u>290</u>	<u>126</u>
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other creditors	42	12
Accruals	586	271
	<u>628</u>	<u>283</u>
Deferred Income	2018 £'000	2017 £'000
Deferred income at 1 September 2016	4	-
Resources deferred in the year	-	4
Amounts released from previous years	(4)	-
Deferred income at 31 August 2017	<u>-</u>	<u>4</u>

At the balance sheet date the academy was holding no funds received in advance for 2018/19 for Year 7 Catch Up £Nil (2017 : £438), PE and Sports grant £Nil (2017 : £438), BCC Pupil Premium £Nil (2017: £1,467) and EFA Pupil Premium £Nil (2017: £2,087).

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

15 FUNDS

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

	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)	-	7,718	(6,990)	(358)	370
Pupil premium grant - ESFA (note ii)	-	98	(98)	-	-
Pupil premium grant (note ii)	-	8	(8)	-	-
P E and Sports grant (note iii)	-	12	(12)	-	-
EHC transfer grant - BCC (note iv)	-	942	(942)	-	-
UIFSM - (note v)	-	4	(4)	-	-
Year 7 catch up (note vi)	-	3	(3)	-	-
School funds (note vii)	14	-	(14)	-	-
	<u>14</u>	<u>8,785</u>	<u>(8,071)</u>	<u>(358)</u>	<u>370</u>
Restricted fixed asset funds					
DfE capital grants (note viii)	488	164	(18)	-	634
BCC fixed assets donation (note ix)	6,546	-	(125)	-	6,421
Capital expenditure from GAG (note x)	665	-	(168)	358	855
BCC Capital Grants (note xi)	200	131	(4)	-	327
	<u>7,899</u>	<u>295</u>	<u>(315)</u>	<u>358</u>	<u>8,237</u>
Restricted pension scheme liability					
Pension reserve (note xii)	(5,141)	-	(502)	866	(4,777)
	<u>(5,141)</u>	<u>-</u>	<u>(502)</u>	<u>866</u>	<u>(4,777)</u>
Total restricted funds	2,772	9,080	(8,888)	866	3,830
Unrestricted Funds					
Unrestricted funds	438	11	-	-	449
Total unrestricted funds	<u>438</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>449</u>
Total funds	<u><u>3,210</u></u>	<u><u>9,091</u></u>	<u><u>(8,888)</u></u>	<u><u>866</u></u>	<u><u>4,279</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (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 could carry forward at 31 August 2018 (note 2).
- ii) Pupil premium grant has been used to focus interventions at vulnerable children. Children who meet the pupil premium criteria are given priority, and these include Looked After Children, Free School Meal Children and children of Armed Services personnel.
- iii) P E and sports grant has been used to support the cost of the PE department.
- iv) The EHC transfer grant is money received from Birmingham City Council to support the contribution that the school has made to transfer statements of SEN to EHC plans.
- v) UIFSM grant was received to provide free school meals to children within the school.
- vi) Year 7 catch up grant has been used for one to one tuition and teacher intervention to assist pupils transferring from primary to secondary school.
- vii) School funds are contributions received from parents which are used to support the Academy's educational activities, and other funds generated by the school for services provided to other organisations.
- viii) Restricted fixed assets were funded by government grants.
- ix) Birmingham City Council transferred assets valued at £7,097,000 to the school under a 125 year lease arrangement, for which a pepper corn rent is charged.
- x) The gross transfer from the restricted general fund to the restricted fixed asset fund of £358,000 (2017 : £215,000) represents the total capital expenditure from the General Annual Grant (GAG) during the year.
- xi) Restricted fixed assets funded by Birmingham City Council grants.
- xii) The pension reserve represents the deficit on the Local Government Pension Scheme (note 25).

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

15 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 1 August 2017 £'000
Restricted general funds					
General annual grant (GAG) (note i)	222	7,796	(7,817)	(201)	-
Pupil premium grant - ESFA (note ii)	-	110	(110)	-	-
Pupil premium grant - BCC (note ii)	-	8	(8)	-	-
Other BCC Grants	-	3	(3)	-	-
P E and Sports grant (note iii)	-	5	(5)	-	-
Fair funding grant - BCC (note iv)	-	774	(774)	-	-
Special needs grant - Dudley MBC (note v)	-	-	-	-	-
EHC transfer grant - BCC (note vi)	-	5	(5)	-	-
UIFSM - (note vii)	-	1	(1)	-	-
Year 7 catch up (note viii)	-	1	(1)	-	-
School funds (note ix)	14	-	-	-	14
	<u>236</u>	<u>8,703</u>	<u>(8,724)</u>	<u>(201)</u>	<u>14</u>
Restricted fixed asset funds					
DfE capital grants (note x)	412	92	(16)	-	488
BCC fixed assets donation (note xi)	6,671	-	(125)	-	6,546
Capital expenditure from GAG (note xii)	693	-	(243)	215	665
BCC Capital Grants (note xiii)	195	9	(4)	-	200
	<u>7,971</u>	<u>101</u>	<u>(388)</u>	<u>215</u>	<u>7,899</u>
Restricted pension scheme liability					
Pension reserve (note xiv)	(4,958)	-	(48)	(135)	(5,141)
	<u>(4,958)</u>	<u>-</u>	<u>(48)</u>	<u>(135)</u>	<u>(5,141)</u>
Total restricted funds	3,249	8,804	(9,160)	(121)	2,772
Unrestricted Funds					
Unrestricted funds	449	3	-	(14)	438
Total unrestricted funds	<u>449</u>	<u>3</u>	<u>-</u>	<u>(14)</u>	<u>438</u>
Total funds	<u><u>3,698</u></u>	<u><u>8,807</u></u>	<u><u>(9,160)</u></u>	<u><u>(135)</u></u>	<u><u>3,210</u></u>

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

15 FUNDS (cont'd)

A current year 12 month and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG)	222	15,514	(14,807)	(559)	370
Pupil premium grant - ESFA	-	208	(208)	-	-
Pupil premium grant - BCC	-	16	(16)	-	-
Other BCC Grants	-	3	(3)	-	-
P E and Sports grant	-	17	(17)	-	-
Fair funding grant - BCC	-	774	(774)	-	-
Special needs grant - Dudley MBC	-	0	0	-	-
EHC transfer grant - BCC	-	947	(947)	-	-
UFSM	-	5	(5)	-	-
Year 7 catch up	-	4	(4)	-	-
School funds	14	-	(14)	-	-
	<u>236</u>	<u>17,488</u>	<u>(16,795)</u>	<u>(559)</u>	<u>370</u>
Restricted fixed asset funds					
DfE capital grants	412	256	(34)	-	634
BCC fixed assets donation	6,671	-	(250)	-	6,421
Capital expenditure from GAG	693	-	(411)	573	855
BCC Capital Grants	195	140	(8)	-	327
	<u>7,971</u>	<u>396</u>	<u>(703)</u>	<u>573</u>	<u>8,237</u>
Restricted pension scheme liability					
Pension reserve	(4,958)	-	(550)	731	(4,777)
	<u>(4,958)</u>	<u>-</u>	<u>(550)</u>	<u>731</u>	<u>(4,777)</u>
Total restricted funds	3,249	17,884	(18,048)	745	3,830
Unrestricted Funds					
Unrestricted funds	449	14	-	(14)	449
Total unrestricted funds	449	14	-	(14)	449
Total funds	3,698	17,898	(18,048)	731	4,279

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

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension Restricted	General Restricted	School Fund Restricted	Fixed Assets Restricted	Total
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	Funds £'000	£'000
Tangible fixed	-	-	-	-	8,237	8,237
Current assets	449	-	998	-	-	1,447
Current liabilities	-	-	(628)	-	-	(628)
Pension scheme liability	-	(4,777)	-	-	-	(4,777)
	<u>449</u>	<u>(4,777)</u>	<u>370</u>	<u>-</u>	<u>8,237</u>	<u>4,279</u>

Fund balances at 31 August 2017 are represented by:

	Unrestricted	Pension Restricted	General Restricted	School Fund Restricted	Fixed Assets Restricted	Total
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	Funds £'000	£'000
Tangible fixed	-	-	-	-	7,899	7,899
Current assets	438	-	283	14	-	735
Current liabilities	-	-	(283)	-	-	(283)
Pension scheme liability	-	(5,141)	-	-	-	(5,141)
	<u>438</u>	<u>(5,141)</u>	<u>-</u>	<u>14</u>	<u>7,899</u>	<u>3,210</u>

17 CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	<u>Nil</u>	<u>Nil</u>

18 COMMITMENTS UNDER OPERATING LEASES

Operating

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 Other £'000	2017 Other £'000
Amounts due within one year	22	14
Amounts due between one and five years	<u>57</u>	<u>35</u>
	<u>79</u>	<u>49</u>

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

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

	2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	203	(353)
Adjusted for:		
Depreciation (note 13)	315	388
Capital grants from DfE and other capital income	(295)	(101)
Interest receivable (note 5)	(3)	(2)
Defined benefit pension scheme cost less contributions payable (note 25)	372	(56)
Defined benefit pension scheme finance cost (note 25)	130	104
(Increase)/decrease in debtors	(164)	140
Increase/(decrease) in creditors	345	(6)
Net cash provided by operating activities	903	114
	2018 £'000	2017 £'000

20 CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	3	2
Purchase of tangible fixed assets	(653)	(316)
Capital grants from DfE/ESFA	295	101
Capital funding received from sponsors and others	-	-
Net cash used in investing activities	(355)	(213)

21 CASH FLOWS FROM FINANCING ACTIVITIES

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 2018 £'000	At 31 Aug £'000
Cash in hand and at bank	1,157	609
Total cash and cash equivalents	1,157	609

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 2018 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by West Midlands Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2018 was £1,343,012 (2017: £1,208,269) of which £567,012 (2017:£610,269) relates to the TPS and £776,000 (2017: £598,000) 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 Regulations (2010) and from 1 April 2014 by the Teachers Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and from 1 January 2007 automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 16.4%).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

25 PENSION AND SIMILAR OBLIGATIONS (continued)

During the previous year the employer contribution rate was 14.1% the TPS valuation for 2012 determined an employer rate of 16.48% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer costs paid to TPS in the period amounted to £561,792 (2017: £610,269).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £882,000 (2017: £692,000) of which employers contributions totalled £776,000 (2017: £598,000) and employees contributions totalled £106,000 (2017: £94,000). The agreed contributions for future years are 16.2% (2017:16.2%) for employers and an average contribution rate 9.6% (2017:9.6%) for employees.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2018 % per annum	At 31 August 2017 % per annum
Discount rate	2.65%	2.60%
Salary increases	3.80%	4.20%
Pension increase	2.30%	2.70%

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

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate increased by 0.1% per annum	(183)	(183)
Adjustment to pension increases and deferred revaluation +0.1%	157	145
Life expectancy at retirement increased by 1 year	228	227

The mortality assumptions used were as follows:

	At 31 August 2018 years	At 31 August 2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.8
- Women	24.4	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.1	24.0
- Women	26.7	26.6

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 AUGUST 2018 (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 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	1,481	1,228
Debt instruments	255	217
Property	190	142
Cash	88	97
Other	327	258
Total market value of assets	2,341	1,942
Present value of scheme liabilities		
- Funded	(2,341)	(1,942)
- Unfunded	(4,777)	(5,141)
Total liabilities	(7,118)	(7,083)
Deficit in the scheme	(4,777)	(5,141)

The actual return on the scheme assets in the year was £25,000 (2017: £280,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	645	494
Interest income	(55)	(36)
Interest cost	185	140
Administration costs	1	1
Total operating charge	776	598

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

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2018 £'000	2017 £'000
Changes in deficit during the year		
Balance at 1 September 2017	5,141	4,958
Movement in year:		
- Employer service cost (net of employee contributions)	645	494
- Employer contributions	(274)	(550)
- Expected return on scheme assets	(55)	(36)
- Interest cost	186	140
- Actuarial (gain)/loss	(866)	135
Deficit in the scheme at 31 August 2018	4,777	5,141

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

	2018 £'000	2017 £'000
Balance at 1 September 2017	7,083	6,223
Current service cost	645	494
Interest cost	185	140
Contributions by scheme participants	106	94
Benefits paid	(5)	123
Actuarial (gain)/loss	(896)	9
Scheme liabilities at 31 August 2018	7,118	7,083

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

	2018 £'000	2017 £'000
Balance at 1 September 2017	1,941	1,264
Expected return on scheme assets	55	36
Actuarial loss	(30)	(126)
Contributions by employer	274	550
Benefits paid	(5)	123
Contributions by scheme participants	106	94
Fair value of scheme assets at 31 August 2018	2,341	1,941

The estimated value of employer contributions for the year ended 31 August 2018 is £417,000 (2017: £320,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**26 RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place in the period of account:

- *MAC Birmingham* is a pioneering arts complex which provides services to James Brindley. C Marshall (Chair of Trustees) was a director. The transactions totalled £206 (2017: £190) for the year. There were no amounts outstanding at 31 August 2018.

In entering into all the transactions the trust has complied with the requirements of the Academies Financial Handbook 2017.

27 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

28 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 2018 the trust received £8,058 (2017: £5,602) and disbursed £4,493 (2017: £1,846) from the fund. A balance of £7,321 (2017: £3,756) is included within other creditors and will be "recycled" under the terms of the grant to reduce the barriers to education.