



Birmingham Ormiston Academy
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**BIRMINGHAM ORMISTON ACADEMY
(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

Registered Number 06832416 (England and Wales)

Birmingham Ormiston Academy

CONTENTS	PAGES
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	11
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19
Independent Auditor's Report on Regularity	21
Statement of Financial Activities	23
Balance Sheet	25
Cash Flow Statement	27
Notes to the Financial Statements, incorporating:	28
• Statement of Accounting Policies	28
• Other Notes to the Financial Statements	32

Birmingham Ormiston Academy

Reference and Administrative Details

Trustees * = members of the Finance Committee	Mr Professor	Mike Toby	Gibbons Salt	* Chair (From 22 March 2016) Chair (1 September 2015 to 21 March 2016)
	Mr Professor	Gurdip Mary	Bhangoo Carswell	Appointed 22 March 2016 Resigned 22 March 2016
	Ms Ms	Gaynor Hilary	Cheshire Hodgson	* Principal and Accounting Officer
	Mr Mr	Martin John	Locket McEvoy	Resigned 10 November 2015 Appointed 22 March 2016
	Professor Cllr	Toby Robert	Salt Sealey	* Resigned 22 March 2016
	Mr	Ian	Shephard	* Parent Director from 10 December 2015
	Mr	Philip	Singleton	* Resigned 27 November 2015
	Mr	Ammo	Talwar	* Resigned 23 June 2016
	Professor	Philip	Thickett	*
	Mr	Jonnie	Turpie	
	Sir	Nick	Williams	
Secretary	Mr	Peter	Darwen	
Senior Leadership Team:	Ms	Gaynor	Cheshire	Principal
	Mr	Alistair	Chattaway	Vice Principal
	Mr	Peter	Darwen	Vice Principal
	Mr	Tony	Dean	Vice Principal
	Mr	Umrn	Naeem	Assistant Principal to 30 September 2015
	Mr	Michael	Painter	Assistant Principal from 1 January 2016
	Mr	Michael	Penn	Assistant Principal
	Mr	Derek	Pitt	Assistant Principal
	Mr	Chris	Sudworth	Executive Director: BOAT
	Ms	Julie	Waddington	Assistant Principal
Principal and Registered Office			1 Grosvenor Street Birmingham B4 7QD	
Independent Auditor			Grant Thornton UK LLP Colmore Plaza 20 Colmore Circus Birmingham B4 6AT	
Bankers			Lloyds PLC 114-116 Colmore Row Birmingham B3 3BD	
Solicitors			Harrison Clark Rickerbys 5 Deansway Worcester WR1 2JG	

Birmingham Ormiston Academy

Trustees' Annual Report

The Trustees present their annual report together with the Financial Statements and Auditor's Report of the Charitable Company for the twelve months ended 31 August 2016.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company was incorporated on 27th February 2009. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees act as the trustees for the charitable activities of Birmingham Ormiston Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Birmingham Ormiston Academy.

The Academy Trust has 100% ownership of Birmingham Ormiston Academy Theatre (BOAT) Limited, which is a company limited by guarantee. BOAT was incorporated on 4th August 2014.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

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 £2,000,000 on any one claim.

Principal Activities

The Academy Trust's principal activity is specifically restricted to the advance, for the public benefit, education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

Method of Appointment or Election of Trustees

The appointment or election of Trustees is dependent upon the type of Trustee. Up to seven Sponsor Trustees are appointed by the Principal Sponsor. One Trustee is appointed by the Co-Sponsor. Two Trustees are appointed by the Local Authority subject to a maximum aggregate number representing 20% of the total amount of Trustees. Parent Trustees are appointed by the parents by an election. One Staff Trustee is appointed by election by the staff. The Principal is treated for all purposes as being an ex officio Trustee. Additional Trustees may be appointed by the Secretary of State. Trustees are appointed for a period of 4 years prior to having to offer themselves for reappointment. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

The Trustees who were in office at 31 August 2016 and served throughout the year, except where shown are listed on page 1.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

Policies Adopted for the Induction and Training of Trustees

During the year under review the Trustees held four meetings of the full Trust. 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 will be given a tour of the Academy and the chance to meet with staff and pupils. 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. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The Academy Trust structure consists of two levels: the Trustees, and the Senior Leadership Team. 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 Trust by the use of budgets and making major decisions about the direction of the Charitable Company, capital expenditure and senior staff appointments.

The Senior Leadership Team (SLT) consisted of the Principal, three Vice Principals, four Assistant Principals and the Executive Director of BOAT. These senior 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 SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the SLT always contain a Trustee. Some spending control is also devolved to budget holders.

Risk Management

The Trust has assessed the major risks to which the charitable company 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 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 introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. They are satisfied that these systems are consistent with guidelines issued by the Charity Commission. The Academy has an effective system of internal controls and this is explained in more detail later.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Finance and General Purpose Committee also receive regular reports from the Responsible Officer, which include recommendations for improvement. The Finance and General Purposes Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Trust's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and the Finance and General Purposes Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Senior Leadership Team regularly assesses the accuracy of the Academy Risk Register.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

Objectives and Activities

Objects and Aims

The principal objects and activities of the Charitable Company are:

- The operation of Birmingham Ormiston Academy to advance, for the public benefit, education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to digital media and creative and performing arts.

In accordance with the articles of association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its mission statement which is 'to enable each student to achieve at the highest level possible, in an orderly, caring, friendly community, committed to promoting high standards for all who work here'.

The main objectives of the Academy during the year ended 31 August 2016 are summarised below:

- To ensure that the process of education is a partnership between the learner, the school and the parents, together with the Trustees, employers and the community.
- To keep the student at the centre of this process.
- To strive to equalise the opportunities for each student to develop their talents to the fullest extent.
- To make the curriculum equally accessible to all students, raising their own expectations and society's expectations of them.
- To provide students with individual, personalised learning plans through a specialist curriculum focused on the creative, digital and performing arts.
- To provide each student with the experience of challenging learning styles that value not only individual thinking, but also the collaborative skills of investigating, discussing and communicating.
- To engender in each student, a thirst for knowledge that will be enjoyed throughout her or his life.

Public Benefit

The Trust has complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction of the Academy Trust. The activities by the Academy to achieve public benefit are set out in the Objectives, Strategies and Activities section above.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

Strategic Report

Performance against Objectives

Birmingham Ormiston Academy is an independent state-funded 14 to 19 academy specialising in Creative, Digital and Performing Arts. BOA is sponsored by Ormiston Trust and Birmingham City University. The academy aims to be at the forefront of the development of the arts and the creative industries.

The academy opened in September 2011. The brand new landmark building, located at the hub of the digital and creative industries in the West Midlands, opened at the end of October 2011. It has superb facilities for academic, vocational and extra-curricular activities.

BOA is one hundred percent selective based on aptitude within the specialisms (rather than academic ability) and, as a result, is unique in its admissions. Students attend BOA to primarily study BTEC Level 2 and Level 3 vocational courses. Students in Year 10 and Year 11 study an additional 8 GCSEs (including English, Maths and Science), whilst some of the students in both Years 12 and 13 opt to study one or two additional A level subjects.

Together with our founding partners, Maverick TV and the BRIT School, we have numerous creative and industry partners. They offer high levels of support, investment, expertise and opportunities for our students and the academy.

Although located in the heart of Birmingham, BOA is a regional academy admitting students from Birmingham and the local authorities of Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. Ten percent of students are admitted from outside the West Midlands.

BOA is a popular, oversubscribed academy that continues to attract high numbers of applications for places in Year 10 and Year 12. With students in all four year groups, from Year 10 to Year 13, there are now over 1000 students on roll. In 2016 BOA welcomed its third set of KS4 results and their fourth set of KS5 results.

In the five years since opening, BOA has rapidly gained a reputation as a centre of excellence for the arts. It has an impressive number of creative industry partners who support the differing pathways by helping to design, develop and deliver the programmes of study. BOA is proud of its impressive industry links. These links continue to give BOA students unrivalled access into the industry. Some of the most notable partnerships are with Live Nation, PRG lighting and Free Radio. These companies not only support BOA by donating equipment and bursaries but also enable students to gain invaluable experience in events management, marketing, social media, production and technical theatre, sound, film, photography and radio. Performance students gain opportunities to showcase their talent on either the main stages, smaller stages or VIP events. For example, dance pathway students annually perform at the Birmingham Hippodrome on the Curtain Raiser for Matthew Bourne performances. Whilst Cameron Mackintosh personally gave the Academy an exclusive license to stage a production of 'Betty Blue Eyes'.

In September 2014, BOA won the tender to manage the Old Repertory Theatre in Birmingham. We consider this to be our second campus. Through this venture, the Academy has taken a step closer to bridging the gap between education and the world of arts employment. The opportunities created through the Old Repertory Theatre allow students to develop their skills in areas including performance, administration and technical theatre arts. The Old Repertory Theatre provides students with invaluable spaces for lessons, workshops and rehearsals.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

Performance against Objectives (Continued)

The Board of Directors carry out their statutory responsibilities. They know the Academy well and act as a 'critical friend'.

The arrangements for safeguarding students meet the statutory guidelines. The behaviour of BOA students is exceptional. Students' attitude to learning is extremely good and they are keen to succeed. Behaviour and safety is outstanding.

Strong international links have been established which broaden students' experiences. Two years ago, BOA submitted a number of bids to work with the Maltese Film Commission and Tourist Board. Having successfully acquired the contracts for a number of projects, work began in July 2014 when a team of BOA's teachers visited Malta to deliver courses that would help to reskill workers and prepare them for roles in the local film servicing industry. Work continued into 2014/15, when 30 BOA students worked with St Martin's Institute of Higher Education to produce short films for the Maltese Tourism Board, which provided excellent work experience opportunities for students. For two years now, the Dance Pathway has operated an exchange programme with Balletskollen, a specialist dance school in Denmark. The exchange includes a teacher exchange to develop dance teaching pedagogy and, most importantly, enables BOA students to take part in a seven day visit to Denmark in January 2015 and 2016 in order to collaborate on a high-profile performance project. We are currently working on projects in Portugal and the Netherlands. In the academic year 2015-16, BOA received the British Council International School Award and was nominated for the TES International Award. We were also awarded the coveted Creative Skillset accreditation.

In June 2015, BOA was invited to open a new school. Following a visit to the DfE by the Principal and two Board Members, the Board voted to expand. BOA is currently changing from a SAT (Single Academy Trust) to a MAT (Multi Academy Trust) and is bidding to open BOA Digital in September 2018.

Following the Ofsted inspection in May 2013, the Academy continues to strive towards outstanding and we believe solid foundations have been established. By July 2016, all members of teaching staff received ratings of at least good (2) with a significant percentage being graded as outstanding (1).

A concentrated and focussed approach on reporting, marking and feedback ensured improvement. A new pastoral system has been implemented with students achievement at the heart of its ethos.

BOA has always had very good results (this is the fourth set of results). Year on year we have seen a trajectory of improvement. In 2016 all core results were above 80% A*-C and vocational results are outstanding. Post 16 students achieved an average point score of 856 which is the equivalent of A*AA.

GCSE	2015	2016	National (2015)
English	82%	88%	65%
Maths	82%	82%	63%
Science	79%	80%	59%
Post 16	826 (AAA)	856 (A*AA)	577

Based on attainment, BOA is the top 14-19 school in the country and in the top 10% of Birmingham schools.

BOA is gradually growing an impressive alumni with students gaining places at the top vocational institutions or moving immediately into the world of work. In September 2014, 3 out of the 5 contestants for the Andrew Lloyd Webber bursary award were BOA students, with Josh Gannon, a former student, being the final winner. Broadcast students have secured jobs immediately on leaving BOA to work for Russia Today and ITN. Over summer 2016, a BOA Broadcast student gained the only prestigious ITV apprenticeship.

Trustees' Annual Report (Continued)

Performance against Objectives (Continued)

The Principal has high expectations and ambition for the academy and its students. BOA continues to attract high numbers of applications for places on the specialist pathways, at both KS4 and Post-16, and the academy has an excellent reputation across the region. As mentioned in the Ofsted Inspection Report (May 2013), 'the Principal is tenacious and has quickly put into place structures to secure continued improvement'.

The Principal has secured a strong leadership team who are hard-working, knowledgeable and offer good levels of support. Roles and responsibilities have been clearly defined and are regularly reviewed to ensure that there are clear lines of communication, and that members of the senior leadership team are held to account.

There is a clear focus on raising standards across the academy. A robust training schedule has ensured that approaches to teaching and learning are constantly reviewed, and there are robust systems to manage teachers' performance. There is a robust schedule for pathway and department reviews that focuses on key strengths and areas for development. The Senior Leadership Team holds regular meetings with directors of curriculum areas to ensure that academic standards are at the forefront of action planning. SLT regularly bring their own action plans to the weekly meeting to check actions against the SIP.

The Senior Leadership Team keeps up-to-date with all reforms to the National Curriculum, with a particular emphasis on Level 2 and Level 3 qualifications, to continue to provide an innovative curriculum at BOA. Curriculum models are reviewed each year to ensure that developments in education policy are taken into account and to ensure that students' life chances are maximised through the courses they can choose at KS4 and Post-16.

The Senior Leadership Team continues to develop the role of the middle leader at BOA. Weekly briefing meetings are held with middle leaders to discuss academic standards and new initiatives, as well as focusing on strategic planning. Following a detailed exam analysis and review, middle leaders produce action plans or development plans at the beginning of the new academic year to ensure that they are accountable for their curriculum areas or areas of responsibility. Regular meetings are held between middle leaders and their line managers, and these meetings focus on academic standards, including students' progress and students' needs, as well as partnerships and planning for the future.

Staff development continues to be at the forefront of the growth of the Academy. The CPD programme is designed, developed and implemented in response to the diagnostic analysis of the exam results and the performance management process.

The Academy is increasingly using the specialism to underpin school improvement. Through CPD, training and the sharing on good practice we are supporting all staff to embrace creativity, self and peer assessment and a language for creativity.

A new pastoral system has been implemented from September 2015. The rationale to change the pastoral system and tutoring is about personalising the students' experience, support and guidance but also to ensure we develop the students' broader education and social skills. The 2016 results suggest this approach has had positive effects on student outcomes.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

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 trust to continue as a going concern. The Trustees make this assessment each year in respect of a period of one year from the date of approval of the financial statements.

Included in the figure for creditors (amounts falling due within one year) balance is an amount of £185,000. This is in respect of grant funding received in 2012/13 from the Education Funding Agency (EFA) which the EFA is recovering over three years from 1 September 2014. The Academy Trust has approved an annual budget for 2016/17 (including its associated monthly cashflow projections) which indicates that while cash balances will be tight, the Academy will be able to meet its obligations as they fall due.

Accordingly the Academy Trust has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Performance Indicators

The Academy Trust is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

Finance Review

Financial report for the year

The Academy Trust generated a consolidated net outgoing resources before transfers of £624,000 for the year to 31 August 2016 including depreciation on fixed assets of £684,000 and a FRS 102 LGPS pension charge of £62,000 (2015-£46,000). If these exceptional items are removed from the figure, revised net incoming resources before transfers of £122,000 would result.

Most of the Academy Trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The recurrent grants received from the EFA during the year ended 31 August 2016 amounted to £5,449,000 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the EFA. 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.

At 31 August 2016 the net book value of fixed assets was £20,716,000 and movements in intangible and tangible fixed assets are shown in notes 12 and 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

Trading Subsidiary – Birmingham Ormiston Academy Theatre Limited

The Financial Statements include the consolidation of the subsidiary company, Birmingham Ormiston Academy Theatre Limited (BOAT). BOAT represents the trading arm of the Old Rep Theatre. The non trading aspects of the Old Rep theatre are included in the Academy only figures because it is used by the Academy as its second campus. The Profit and Loss Account of the company for the twelve month period to 31 August 2016 is detailed in Note 14. The Turnover of BOAT for the twelve months ending 31 August 2016 amounted to £330,000. A profit of £1,000 was generated which was covenanted back to the Academy via gift aid.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

Principal Risks and Uncertainties

The Academy Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Charitable Company's assets and reputation.

Based on its mission, the Risk Management Group undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy level which is reviewed at least annually by the Finance and General Purposes Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the Academy.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

Risk	Action Taken
Risk that the EFA agreed clawback will place an undue strain on finances as other sources of Government funding reduce, leading to a requirement for a bank overdraft	Budget modelling of future financial years with sensitivity analysis. Daily cashflow forecast covering the next financial year
Key person loss/succession risk	Ensuring deputies can adequately cover.
Any future increases in the costs of funding the Teachers' Pension Scheme and the Local Government Pension Scheme are wholly outside the control of the Trustees	The academy liaise with each of the pension schemes to understand and plan for potential increases in funding costs.

Reserves Policy

The Trust reviews 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 Trust has determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £250,000. 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 such as urgent maintenance. The Academy's currently has no free reserves (total funds less the amount held in fixed assets and restricted funds.) The Academy intends to build up free reserves to the level required although this may take a number of years.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

Investment Policy

The Academy Trust's investment powers are governed by the articles of association, which permits the Charitable Company to deposit or invest any funds not immediately required for the furtherance of its Objects. These funds must only be invested after obtaining advice from a financial expert as the Trust considers necessary, and having regard to the suitability of investments and the need for diversification.

There are currently no long term investments made by the Academy Trust.

Plans for Future Periods

In September 2016, an application was submitted to the DfE to open a Free School called BOA Digital. BOA Digital will be an 11-18 academy specialising in digital technologies. It will be the sister school to BOA and form part of the newly established BOA group (BOA is currently a single academy trust and will convert from a SAT to a MAT). It is our aim to open BOA Digital in September 2018 located in the centre of Birmingham - geographically in the hub of the digital and creative industries situated around the Eastside and the Knowledge Quarter.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the Trust on 13 December 2016 and signed on its behalf by:



Mr Mike Gibbons

Chair

Birmingham Ormiston Academy

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Birmingham Ormiston Academy 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 Trust 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 Birmingham Ormiston Academy and the Secretary of State for Education. They are also responsible for reporting to the Trust 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 four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Gurdip Bhango	2	2
Mary Carswell	2	3
Gaynor Cheshire (Principal)	4	4
Mike Gibbons (Chair)	4	4
Hilary Hodgson	3	4
Martin Locket	1	1
John McEvoy	2	2
Toby Salt	4	4
Robert Sealey	0	3
Ian Shephard	3	3
Philip Singleton	1	1
Ammo Talwar	1	4
Philip Thickett	3	4
Jonnie Turpie	3	4
Nick Williams	1	4

The challenges that have arisen for the Board include:

- The financial impact of the agreed EFA clawback of funds over three years.
- Providing additional resources to enable the Academy student numbers to increase in line with applications.
- The new curriculum changes relating to English & Maths qualifications and the need to demonstrate that each 16-18 year old student has a study programme of at least 540 hours.

Birmingham Ormiston Academy

Governance Statement (continued)

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its main purpose is to:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985, DfE and EFA guidance issued to Academies;
- authorising the award of contracts over £100,000;
- authorising changes to the Academy personnel establishment and;
- reviewing the reports of the Internal Auditor on the effectiveness of the financial procedures and controls.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mary Carswell	1	1
Gaynor Cheshire (Principal)	3	3
Ian Shephard	2	2
Ammo Talwar	1	3
Philip Thickett (Chair of Committee)	2	3

Review of Value for Money

As accounting officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Supporting students to reach their potential

BOA is committed to providing a high quality distinctive education through a specialist curriculum. The curriculum is designed to offer both vocational and academic courses. Through a guided personalised learning experience, BOA aims to develop the specific talents, gifts and potential of each student and therefore maximise their life chances.

The Academy has established very secure foundations on which to build for the future. There is a clear sense of direction, vision and ethos. The Academy knows itself well. Roles, responsibilities and expectations are clear. Teaching and learning is good, often outstanding. Students take ownership of their learning and walking the academy gives you a real sense of their motivation and independence as learners.

Governance Statement (continued)

In May 2013 the Academy received a very good Ofsted report. (The best it could have received as the Academy had no outcomes at the point of inspection). In August 2016 the Academy's results were outstanding.

Robust governance and oversight of Academy finances:

The Board is committed to ensuring that governance of the Academy's financial management is robust. The Board is cognisant of their responsibilities in ensuring that the Academy's resources are managed effectively, to support the objectives in the Academy's Development Plan, whilst considering the long term development of the Academy. The Academy's Board, Senior Leadership Team and staff strive for the best possible outcomes for pupils, achieved at reasonable cost.

The Finance and General Purposes Committee meets as often as is necessary to fulfil its responsibilities, and at least three times a year. The Committee has a clear Terms of Reference, which is reviewed annually. The Committee includes the Principal. Members are invited to join the Committee on the basis that they have appropriate skills and experience. Further training is provided as required. The Finance and General Purposes Committee receive regular budget monitoring, provided in a consistent format and with explanatory notes: consider and ratify policies: scrutinise the Academy budget forecast: ensure that the Academy complies with agreed policies and procedures: challenge decision makers on spending proposals. The Committee considers the annual reports and financial statements of The Academy, and makes recommendations to the Board, who approve core financial statements and documents. The Committee is serviced by an experienced clerk.

The Finance and General Purposes Committee regularly reviews key financial policies and procedures. These include:

- Internal Financial Regulations and Scheme of Delegation
- Risk Management Policy and Risk Register
- Pay Policy
- Investments policy
- Disposals and write off policy
- Anti-Corruption policy

The Finance and General Purposes Committee also includes the remit of audit work. This includes working with the Responsible Officer (in the 2015/16 financial year this was conducted by Mazars), through an agreed Service Level Agreement. The Committee considers the reports of the Responsible Officer review and makes recommendations. The Committee ensures that any actions recommended by the Responsible Officer are undertaken by staff. The Committee reviews the effectiveness of internal controls established to ensure that the aims, objectives and key performance targets of the academy are achieved in the most economic, effective and efficient manner. The Finance and General Purposes Committee reviews the Business Continuity Plan.

All Directors, Governors and staff are required to complete a Register of Pecuniary Interests form annually.

Governance Statement (continued)

Ensuring that the Trust gains good value for money, and effective and efficient use of resources

The Academy takes a prudent approach to expenditure. As nearly 70% of the Academy's budget is spent on staffing, the staffing structure is reviewed annually to ensure that it is fit for purpose and can adapt and respond to support the successful attainment of the objectives within the Academy's development plan. Creative use of human resources demonstrates a commitment to using staff skills effectively, and staff are encouraged to use their particular areas of expertise to benefit pupil outcomes.

The Academy has a high proportion of skilled and experienced support staff, thus ensuring that pupil:staff ratios are maintained at a high level whilst providing value for money. Staff are deployed to provide best value, and temporary changes to permanent contracts are frequently used to meet the needs of the academy. Secondment opportunities are also beneficial in improving retention rates, thus reducing costs. Teachers' performance management and support staff appraisal systems are in place, and HR policies, such as Managing Absence, Whistleblowing and Dignity at Work, are implemented.

In the 2015/16 financial year, the Academy payroll was maintained by Jerroms. Detailed monthly reconciliations of payroll by the Finance Director ensure that payments to staff are correct.

The Academy's Internal Financial Regulations is strictly followed by all staff who have financial responsibilities. These regulations set out systems for:

- The accounting system
- Financial planning
- Payroll
- Purchasing
- Income
- Cash management
- Fixed assets
- Insurance

The Regulations also set out responsibilities for staff, including the Principal: Finance Director: Responsible Officer: Graduate Finance Trainee: Finance Officer: and Budget Holders.

All the financial transactions of the Academy are recorded on the Hoge 100 accounting system. Access permissions to Hoge 100 are strictly controlled.

All purchasing follows best value principles. A scheme of delegation is in place, as are separation of duties. Purchases of over £10,000 require three written quotations. All goods and services ordered with a value of over £30,000, or for a series of contracts which in total exceed £30,000 are subject to formal tendering procedures and authorised by the Finance Committee. Purchases over £156,442 fall under EU procurement rules. Competitive tendering procedures are detailed in the Internal Financial Regulations. Governors and staff accept that best value quotes may not be the cheapest as other factors, including workmanship and quality of services, need to be considered.

During the year ending 31 August 2016, the Academy tendered separately for staff recruitment and catering provision. The Academy will continue to strive for value for money in all its future transactions.

Governance Statement (continued)

Maximising income generation

The Academy has a lettings policy in place and explores opportunities to generate income through the hire of the site. A proactive approach is taken towards preparing funding bids and generating revenue streams in order to maximise income generation.

Reviewing controls and managing risks

The Academy regularly reviews its Risk Management Strategy, Business Continuity Plan and Risk Register. Insurance is currently sourced through Zurich. A Reserves policy is in place, which considers potential risks when calculating the optimum level of reserves held by the Academy.

Lessons Learned

In September 2012 the Academy opened for a new academic year for the very first time in the new building. Over the coming year, many of the contracts that had been set up with the opening of the new building, will be approaching their renewal date(s). Any renewal of these contracts will be subject to a review of their successful delivery, with an emphasis on obtaining value for money and improving outcomes for students.

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 Birmingham Ormiston Academy for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust 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 Trust 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 ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust.

The Risk and Control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust;
- regular reviews by the Finance and General Purposes 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.

Governance Statement (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have outsourced to the audit firm, Mazars, the responsibility for undertaking the internal audit function. Mazars' 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:

- Testing of financial planning
- Debit card expenditure
- Expenses
- Review of documentation required in the EFA External Assurance Pilot review
- Testing of payroll
- Testing of purchase systems
- Testing of reconciliations
- Testing of 16-18 census records to ensure its accuracy
- Review of cash controls at the Old Rep Theatre

On a termly basis Mazars' 'Internal Audit Report' is reviewed by the Board of Trustees, through the Finance Committee on the operation of the system of control and on the discharge of the Board of Trustees' financial responsibilities.

The three assignments undertaken during the year did not contain any significant issues. On this basis the Academy Trust confirms that the internal audit function has been fully delivered in line with the requirements of the Academy Financial Handbook.

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, Mazars
- The work of the external auditor, Grant Thornton
- The financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

As Accounting Officer, the Principal has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and ensure continuous improvement of the system is in place.

There are no significant internal control weaknesses.

Approved by order of the members of the Trust on 13 December 2016 and signed on its behalf by:



Mr Mike Gibbons
Chair

Ms G. Cheshire
Accounting Officer



Birmingham Ormiston Academy

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Birmingham Ormiston Academy, I have considered my responsibility to notify the trust board and the EFA of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Ms G. Cheshire



Accounting Officer

Statement of Trustees' Responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that year. 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Trust on 13 December 2016 and signed on their behalf by:



Mr Mike Gibbons

Chair

Independent auditor's report to the members of Birmingham Ormiston Academy

We have audited the financial statements of Birmingham Ormiston Academy for the year ended 31 August 2016 which comprise Group and Parent Statements of Financial Activities (including the income and expenditure accounts), the Group and Parent Balance Sheets, the Group Cash Flow Statement and the related notes¹. 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the trustees responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year/period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with 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)') and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

¹ Auditor's reports of entities that do not publish their financial statements on a website or publish them using "PDF" format may refer to the financial statements by reference to page numbers.

Birmingham Ormiston Academy

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

John Golding
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Date: *14 DECEMBER 2016*

Birmingham Ormiston Academy

Independent reporting accountant's assurance report on regularity to Birmingham Ormiston Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Birmingham Ormiston Academy during the period 1 September 2015 to 31 August 2016 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 Birmingham Ormiston Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Birmingham Ormiston Academy and the EFA those matters we are required to state to them 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 Birmingham Ormiston Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Birmingham Ormiston Academy's Accounting Officer and the reporting accountant

The accounting officer is responsible, under the requirements of Birmingham Ormiston Academy's funding agreement with the Secretary of State for Education dated 2 March and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Birmingham Ormiston Academy

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Grant Thornton UK LLP
Chartered Accountants
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Date: 14 DECEMBER 2016

Birmingham Ormiston Academy

Consolidated Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account and Statement of Recognised Gains and Losses)

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Group Total 2016 £000	Group Total 2015 (Restated) £000
Income and Endowments from:						
Donations and capital grants	3	151	-	-	151	199
Donation in Kind from Local Authority		-	-	-	-	264
Charitable activities:						
Funding for the Academy's educational operations	6	-	5,425	24	5,449	5,073
Other Trading Activities	4	507	-	-	507	510
Investment income	5	-	-	-	-	1
Total		658	5,425	24	6,107	6,047
Expenditure on:						
Charitable activities:						
Academy's educational operations	8	654	5,278	715	6,647	6,562
Governance costs	9	4	80	-	84	77
Total	7	658	5,358	715	6,731	6,639
Net Income / (expenditure)		-	67	(691)	(624)	(592)
Transfers between funds	20	-	(92)	92	-	-
Other recognised gains and losses:						
Actuarial (losses) / gains on defined benefit pension schemes	20,26	-	(340)	-	(340)	(38)
Net movement in funds		-	(365)	(599)	(964)	(630)
Reconciliation of funds						
Total funds brought forward at 1 September 2015	20		(537)	21,315	20,778	21,312
Prior year adjustment	14,29				-	96
Total funds brought forward at 1 September 2015	20	-	(537)	21,315	20,778	21,408
Total funds carried forward at 31 August 2016		-	(902)	20,716	19,814	20,778

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

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

Birmingham Ormiston Academy

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account and Statement of Recognised Gains and Losses) – Academy Only

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Academy Total 2016 £000	Academy Total 2015 (Restated) £000
Income and Endowments from:					
Donations and capital grants	150	-	-	150	197
Donation in Kind from Local Authority	-	-	-	-	264
Charitable activities:					
Funding for the Academy's educational operations	-	5,425	24	5,449	5,073
Other Trading Activities	300	-	-	300	325
Investment income	-	-	-	-	1
Total	450	5,425	24	5,899	5,860
Expenditure on:					
Charitable activities:					
Academy's educational operations	450	5,278	715	6,443	6,379
Governance costs	-	80	-	80	73
Total	450	5,358	715	6,523	6,452
Net Income / (expenditure)	-	67	(691)	(624)	(592)
Transfers between funds	-	(92)	92	-	-
Other recognised gains and losses:					
Actuarial (losses) / gains on defined benefit pension schemes	-	(340)	-	(340)	(38)
Net movement in funds	-	(365)	(599)	(964)	(630)
Reconciliation of funds					
Total funds brought forward at 1 September 2015	-	(537)	21,315	20,778	21,312
Prior year adjustment				-	96
Total funds brought forward at 1 September 2015	-	(537)	21,315	20,778	21,408
Total funds carried forward at 31 August 2016	-	(902)	20,716	19,814	20,778

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

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

Birmingham Ormiston Academy

Consolidated Balance Sheet as at 31 August 2016

Company Number: 06832416

	Notes	Group 2016 £000	Group 2016 £000	Group 2015 £000	Group 2015 £000
Fixed assets					
Intangible assets	13		3		3
Tangible assets	14		20,713		21,312
Investments	15		-		-
Total fixed assets			20,716		21,315
Current assets					
Stock	16	2		2	
Debtors	17	162		313	
Cash at bank and in hand		245		282	
Total current assets		409		597	
Liabilities:					
Creditors: Amounts falling due within one year	18	(611)		(651)	
Net current assets/(liabilities)			(202)		(54)
Total assets less current liabilities			20,514		21,261
Creditors: Amounts falling due after more than one year	19		-		(185)
Net assets excluding pension liability			20,514		21,076
Pension scheme liability	26		(700)		(298)
Net assets including pension liability			19,814		20,778
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	20		20,716		21,315
General fund(s)	20		(202)		(239)
Pension reserve	20		(700)		(298)
Total restricted funds			19,814		20,778
Unrestricted funds					
General fund(s)	20		-		-
Total unrestricted funds			-		-
Total Funds			19,814		20,778

The financial statements on pages 23 to 44 were approved by the Trustees, and authorised for issue on 13 December 2016 and signed on their behalf by:



Mr Mike Gibbons
Chair of Trustees

The notes on pages 28 to 44 form part of these financial statements.

Birmingham Ormiston Academy

Balance Sheet as at 31 August 2016 (Academy Only)

Company Number: 06832416

	Academy 2016 £000'	Academy 2016 £000	Academy 2015 £000	Academy 2015 £000
Fixed assets				
Intangible assets		3		3
Tangible assets		20,713		21,312
Investments		-		-
Total fixed assets		20,716		21,315
Current assets				
Stock	-	-	-	-
Debtors	156		305	
Inter Company debt	-		10	
Cash at bank and in hand	225		241	
Total current assets	381		556	
Liabilities:				
Creditors: Amounts falling due within one year	(583)		(610)	
Net current assets/(liabilities)		(202)		(54)
Total assets less current liabilities		20,514		21,261
Creditors: Amounts falling due after more than one year		-		(185)
Net assets excluding pension liability		20,514		21,076
Pension scheme liability		(700)		(298)
Net assets including pension liability		19,814		20,778
Funds of the academy:				
Restricted funds				
Fixed asset fund(s)		20,716		21,315
General fund(s)		(202)		(239)
Pension reserve		(700)		(298)
Total restricted funds		19,814		20,778
Unrestricted funds				
General fund(s)		-		-
Total unrestricted funds		-		-
Total Funds		19,814		20,778

The financial statements on pages 23 to 44 were approved by the Trustees, and authorised for issue on 13 December 2016 and signed on their behalf by:


Mr Mike Gibbons
Chair of Trustees

The notes on pages 28 to 44 form part of these financial statements

Birmingham Ormiston Academy

Consolidated Cash Flow Statement for the Year Ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	55	(59)
Cash flows from investing activities	23	(92)	(96)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period	24	<u>(37)</u>	<u>(155)</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2015		282	437
Cash and cash equivalents at 31 August 2016		<u>245</u>	<u>282</u>

The notes on pages 28 to 44 form part of these financial statements

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies

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 applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2015'), the Academies Accounts Direction 2015 to 2016 issued by EFA and the Companies Act 2006.

These financial statements are the first financial statements of Birmingham Ormiston Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Birmingham Ormiston Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'].

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2016 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2015. As a consequence of adopting FRS 102 and SORP 2016, a number of accounting policies have changed to comply with those standards. Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The Statement of Financial Activities as set out on pages 23 and 24 identify the identical information as that of the Income and Expenditure Statement. As such, no separate Income and Expenditure Statement has been prepared.

Basis of Consolidation

The consolidated financial statements include the Academy and its subsidiary undertaking. Details of the subsidiary undertaking included are set out in note 15. Intra-group balances are eliminated on consolidation.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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.

Included in the figure for creditors (amounts falling due within one year) balance is an amount of £185,000. This is in respect of grant funding received in 2012/13 from the Education Funding Agency (EFA) which the EFA is recovering over three years from 1 September 2014. The Academy Trust has approved an annual budget for 2016/17 (including its associated monthly cashflow projections) which indicates that while cash balances will be tight, the Academy will be able to meet its obligations as they fall due.

Accordingly, the Academy Trust has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

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 receivable**

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 services and gifts in kind**

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

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

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 20.0%

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. However, where assets costing less than the capitalisation threshold, are purchased collectively to a material overall value then they will be capitalised as a group.

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 all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

- Long leasehold building 2.0%
- Fixtures and equipment 12.5%
- Computer equipment 20.0%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Stock

Catering stocks are valued at the lower of cost or net realisable value.

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 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.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Pensions Benefit

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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 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 trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the EFA or the 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 26, will impact the carrying amount of the pensions liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2016.

3. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £000
Donations - Capital	-	-	-	-
Private Sponsorship	151	-	151	199
Other Donations	-	-	-	-
	<u>151</u>	<u>-</u>	<u>151</u>	<u>199</u>

4. Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £000
Other Income	1	-	1	1
Old Rep Theatre Income	207	-	207	185
Academy trips	112	-	112	143
Sundry income	187	-	187	181
	<u>507</u>	<u>-</u>	<u>507</u>	<u>510</u>

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £000
Short term deposits	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

6. Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA capital grant				
. Devolved Formula Capital allocations	-	24	24	18
	-	24	24	18
DfE/EFA revenue grants				
. General Annual Grant (GAG) (note 2)	-	5,300	5,300	4,923
. Pupil Premium	-	48	48	54
. Other DfE / EFA grants	-	77	77	78
	-	5,425	5,425	5,055
Other Government grants				
. Special educational grants	-	-	-	-
	-	-	-	-
	-	5,449	5,449	5,073

7. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Academy's educational operations					
. Direct costs	2,937	230	1,084	4,251	4,128
. Allocated support costs	943	994	459	2,396	2,434
	3,880	1,224	1,543	6,647	6,562
Governance costs including allocated support costs	-	-	84	84	77
	3,880	1,224	1,627	6,731	6,639

Net Income/expenditure for the year include:

	2016 £000	2015 £000
Fees payable to auditor - audit	13	14
- responsible officer review	4	-
- other services	-	7
Depreciation of fixed assets	684	938
(Gain)/loss on disposal of fixed assets	5	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	2	3

Included within resources expended are the following transactions.

	Total £	Individual items above £5,000	
	£	£	Reason
Fixed asset losses	5,229	0	-
Unrecoverable debts	630	0	-
Ex-gratia payments	18,450	11,450	Staff restructuring
		7,000	Staff restructuring

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education Funding Agency.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

8. Charitable Activities - Academy's educational operations

	Total 2016 £000	Total 2015 £000
Direct costs		
Teaching and educational support staff costs	2,937	2,812
Depreciation	230	222
Educational supplies	358	400
Examination fees	185	132
Technology costs	189	194
Staff development	15	21
Educational consultancy	306	212
Other direct costs	31	135
	4,251	4,128
Allocated support costs		
Support staff costs incl LGPS service charge of £51,000 (2015: £37,000)	943	786
Depreciation	454	716
Amortisation of intangible fixed assets	2	3
Recruitment and support	81	62
Maintenance of premises	119	110
Cleaning	95	89
Rates	41	37
Water rates	10	7
Energy	142	127
Insurance	44	48
Security	38	37
Catering	47	73
Technology costs	5	-
Occupancy costs	51	22
Travel and Subsistence	4	2
Loss on disposal of tangible fixed assets	5	-
LGPS – net interest cost (2015 £9,000)	11	9
Other support costs	304	306
	2,396	2,434
	6,647	6,562

9. Governance costs

	Total 2016 £000	Total 2015 £000
Legal and professional fees	66	55
Auditors' remuneration		
. Audit of financial statements	13	14
. VAT advice	-	7
. Responsible officer audit	4	-
Governors' reimbursed expenses	1	1
	84	77

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

10. Staff costs

a Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	3,023	2,922
Social security costs	265	229
Operating costs of defined benefit pension schemes	465	379
	<u>3,753</u>	<u>3,530</u>
Supply teacher costs	101	55
Staff restructuring costs	18	13
	<u>3,872</u>	<u>3,598</u>
Staff restructuring costs comprise:		
Redundancy payments	6	-
Severance payments	12	13
	<u>18</u>	<u>13</u>

b Non statutory/non-contractual severance payments:

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £18,450 (2015: £12,500). Individually, the payments were: £11,450, £7,000.

c Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2016 No.	2015 No.
Charitable Activities		
Teachers	51	52
Administration and support	41	37
Management	8	6
	<u>99</u>	<u>95</u>

d Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	1	1
	<u>6</u>	<u>4</u>

Five of the above employees participated in the Teachers' Pension Scheme. During the period to 31 August 2016, pension contributions for these staff amounted to £64,010. The other employee participated in the Local Government Fund. During the period to 31 August 2016, pension contributions for this member of staff amounted to £10,181.

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £724,000 (2015: £559,000).

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

11. Related Party Transactions – trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

Ms G Cheshire (Principal and Trustee):		
Remuneration	£130,000-£135,000	(2015: £130,000-£135,000)
Employer's pension contributions	£20,000-£25,000	(2015: £15,000-£20,000)

During the period ended 31 August 2016, travel and subsistence expenses amounting to £505 (2015 £598) were reimbursed to two trustees.

Related party transactions involving the trustees are set out in Note 27.

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was £1,021.

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

13. Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2015	16	16
Additions	2	2
Transfers	-	-
Inherited assets	-	-
Disposals	-	-
At 31 August 2016	18	18
Amortisation		
At 1 September 2015	13	13
Charged in year	2	2
Disposals	-	-
At 31 August 2016	15	15
Carrying amount		
At 31 August 2015	3	3
At 31 August 2016	3	3

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

14. Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2015	22,456	686	1,064	24,206
Prior year adjustment	-	443	(467)	(24)
At 1 September 2015 (restated)	22,456	1,129	597	24,182
Additions	-	20	70	90
Disposals	-	(11)	(1)	(12)
At 31 August 2016	22,456	1,138	666	24,206
Depreciation				
At 1 September 2015	1,798	437	786	3,021
Prior year adjustment	-	223	(374)	(151)
At 1 September 2015 (restated)	1,798	660	412	2,870
Charged in year	454	110	120	684
Disposals	-	(7)	-	(7)
At 31 August 2016	2,252	763	532	3,547
Net book values				
At 31 August 2016	20,204	375	134	20,713
Net book values				
At 31 August 2015	20,658	469	185	21,312

Land and buildings transactions include the granting of a leasehold by Birmingham City Council for the site at Grosvenor Street for £22,434,000 over a term of 125 years.

The 1 September 2015 figures for furniture and equipment and computer equipment have been restated to correct a material understatement. For further details refer to Note 29.

15. Investments

The following is a summary of the financial statements of Birmingham Ormiston Academy Theatre Limited (company registration number 9160896) for the period to 31 August 2016, which have been included in the consolidated financial statements.

	2016 £000	2015 £000
Investment in wholly owned subsidiary company at cost	-	-

A summary of the results for the year ended 31 August 2016 and the balance sheet position at 31 August 2016 is shown below:

	2016 £000	2015 £000
Profit and loss account		
Turnover	330	249
Cost of sales	(161)	(131)
Gross profit	169	118
Interest received	-	-
Administrative expenses (including Gift Aid £1,000)	(169)	(118)
Profit on ordinary activities after Gift Aid payment	-	-
Retained profits brought forward at 1 September	-	-
Retained profits carried forward at 31 August	-	-
Balance sheet		
Called up share capital	-	-
Net assets	-	-

The audit report for Birmingham Ormiston Academy Theatre Limited for the year ended 31 August 2016 was unqualified.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

16. Stock

	2016 £000	2015 £000
Catering	2	2
	<u>2</u>	<u>2</u>

17. Debtors

	2016 £000	2015 £000
Trade debtors	9	14
Prepayments	118	134
Sundry debtors	-	5
Grant and other income	21	90
VAT recoverable	14	70
	<u>162</u>	<u>313</u>

18. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	143	184
Taxation and pension contributions	121	120
EFA creditor: abatement of GAG	185	185
Accruals and deferred income	162	162
	<u>611</u>	<u>651</u>

Deferred income

	2016 £000	2015 £000
Deferred Income at 1 September 2015	77	52
Resources deferred in the year	103	77
Amounts released from previous years	(77)	(52)
Deferred Income at 31 August 2016	<u>103</u>	<u>77</u>

Income deferred in the year relates to EFA Income £48,000, University of Wolverhampton £23,000, Arts Council England £9,000, Box Office sales for shows £12,000 and educational visits £11,000.

19. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Accrued expenditure	-	185
	<u>-</u>	<u>185</u>

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

20. Funds

	Balance at 1 September 2015 Restated £000	Incoming resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	(239)	5,300	(5,171)	(92)	(202)
Pupil Premium	-	48	(48)	-	-
Other DfE/EFA grants	-	77	(77)	-	-
Pension reserve	(298)	-	(62)	(340)	(700)
	(537)	5,425	(5,358)	(432)	(902)
Restricted fixed asset funds					
DfE/EFA capital grants	49	24	(33)	-	40
Inherited Fixed Assets	21,069	-	(629)	-	20,440
Capital expenditure from GAG	166	-	(46)	92	212
Other capital sponsorship	31	-	(7)	-	24
	21,315	24	(715)	92	20,716
Total restricted funds	20,778	5,449	(6,073)	(340)	19,814
Unrestricted funds					
Unrestricted funds	-	658	(658)	-	-
		658	(658)	-	-
Total unrestricted funds	-				-
Total funds	20,778	6,107	(6,731)	(340)	19,814

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

The Trust is carrying a net deficit of £202,000 on restricted general funds (excluding pension reserve) because of underachievement of its 14-16 and 16-18 pupil numbers in prior years. The Trust has now agreed a recovery period for the 2012/13 underachievement. The repayments are over three years commencing September 2014. The Trust is unable to return the general funds to surplus in one year but plans are in place to reduce the deficit each year.

Restricted Fixed Asset Fund

The amount of Inherited Fixed Assets of £20,440,000 represents the depreciated replacement cost of the predecessor school's land and buildings and the cost of equipment, which transferred to the Academy on 1 September 2012.

The DfE/EFA grant of £24,000 relates to annual devolved capital grant spent in the year.

The gross transfer from the restricted general fund to the restricted fixed asset fund of £92,000 represents the total capital expenditure from the General Annual Grant (GAG) during the year.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

21. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2016
	£000	£000	£000	£000
Intangible fixed assets	-	-	3	3
Tangible fixed assets	-	-	20,713	20,713
Current assets	-	409	-	409
Current liabilities	-	(611)	-	(611)
Pension scheme liability	-	(700)	-	(700)
Total net assets	-	(902)	20,716	19,814

22. Reconciliation of consolidated net income/(expenditure) to net cash flow from operating activities

	2016 £000	2015 £000 (Restated)
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(624)	(592)
Adjusted for:		
Amortisation (note 13)	2	3
Depreciation (note 14)	684	938
Donations - inherited fixed assets	-	(264)
Loss on disposal of tangible fixed assets	5	-
Interest receivable (note 5)	-	(1)
Defined benefit pension scheme cost less contributions payable (note 26)	62	46
(Increase)/decrease in stocks	-	(2)
Decrease/(increase) in debtors	151	(125)
(Decrease)/increase in creditors	(225)	(62)
Net cash inflow from operating activities	55	(59)

23. Cash Flows from Investing Activities

Dividends, interest and rents from investments	-	1
Purchase of intangible fixed assets	(2)	-
Purchase of tangible fixed assets	(90)	(97)
Net cash outflow from capital expenditure and financial investment	(92)	(96)

24. Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 1 September 2015 £000
Cash in hand and at bank	245	282
Total cash and cash equivalents	245	282

25. 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.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

26. 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 the West Midlands Pensions Fund. Both are defined-benefit schemes.

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 the LGPS 31 March 2013.

Contributions amounting to £49,965 (2015: £46,183) were payable to the schemes at 31 August 2016 and are included within creditors.

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 2015, by the Teachers' Pension Scheme Regulations 2015. Membership is automatic for full-time teachers in academies and, from 1 January 2007 automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2015 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 2015. The valuation report was published by the Department for Education on 9 June 2015. 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)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2016, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £511,000 (2015: £435,000)

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

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

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

26. Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £136,000, of which employer's contributions totalled £93,000 and employees' contributions totalled £43,000. The agreed contribution rates for future years are 12.6 per cent for employers and between 5.5 per cent and 12.5 per cent for employees. In addition to the above contribution rate and figures the Trust has agreed to pay an additional contribution each year to reduce the pension funding deficit. The additional payment is £6,344 in the April 2016 – March 2017 year.

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment / inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2016	At 31 August 2015 (Restated)
<i>Retiring today</i>		
Males	23.1	23
Females	25.8	25.6
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £000	%	Fair value at 31 August 2015 £000	%
Equities	475	59%	327	60%
Government bonds	55	7%	40	7%
Other bonds	68	9%	55	10%
Property	64	8%	46	8%
Cash/liquidity	51	6%	27	5%
Other	86	11%	50	9%
Total market value of assets	799	100%	545	100%
Present value of scheme liabilities				
- Funded	(1,499)		(843)	
Surplus/(deficit) in the scheme	(700)		(298)	

The actual return on the scheme assets was £118,000 (2015: £21,000).

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

26. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Total expenditure recognised in the Statement of Financial Activities

	2016 £000	2015 £000 (Restated)
Current service cost (net of employee contributions)	144	113
Net interest cost	11	9
Total operating charge	155	122

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

	2016 £000	2015 £000 (Restated)
Opening defined benefit liabilities at 1 September 2015	843	624
Current service cost	144	113
Interest cost	35	28
Employee contributions	43	38
Actuarial (gain)/loss	434	40
At 31 August	1,499	843

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

	2016 £000	2015 £000 (Restated)
Opening fair value of plans' assets at 1 September 2015	545	410
Interest on assets	24	19
Return on assets less interest	94	2
Employer contributions	93	76
Employee contributions	43	38
At 31 August	799	545

27. Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

Ormiston Academies Trust – an organisation in which Professor T Salt (a trustee of the Academy) is Chief Executive:

- Professional services rendered totalling £135,772 (2015: £140,000) during the period.

There were no amounts outstanding at 31 August 2016 (2015: £nil)

- In light of the EFA Academies Financial Handbook 2016, the Trust will ensure that all purchases are at arm's length and a competitive tendering exercise will be undertaken in accordance with its financial regulations

Ormiston Trust - The Trust received a donation of £150,000 from Ormiston Trust to support enrichment activities at the Old Rep Theatre.

The Trust received a gift of £1,000 from its subsidiary company, Birmingham Ormiston Academy Theatre Limited.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

28. Agency Arrangements

The Academy distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016, the Academy received £79,320 and disbursed £69,542 from the fund. An amount of £10,604 is included in other creditors relating to undistributed funds that is repayable to EFA.

29. Prior Year Adjustment - transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards. [Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.]

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

	Notes	1 September 2014 £000	31 August 2015 £000
Reconciliation of total funds			
Total funds under previous UK GAAP		21,312	20,648
Tangible fixed assets - Material error in estimation technique	B	96	130
Total funds reported under FRS 102		<u>21,408</u>	<u>20,778</u>
Reconciliation of net income/(expenditure)			
			31 August 2015 £000
Net movement in funds previously reported under UK GAAP			(664)
Change in recognition of LGPS interest cost	A		-
Tangible fixed assets - Material error in estimation technique	B		34
Net movement in funds reported under FRS 102			<u>(630)</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £8,000 and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Tangible Fixed Assets - Material error in estimation technique

An amount of £444,000 of computer hardware has been reclassified as Furniture and Fittings, resulting in an overcharge of cumulative depreciation of £133,000. A further amount of £3,000 relating to the net book value of computer software has been transferred to Intangible Fixed Assets. The effect of the change has been to increase the 2014/15 Total Funds opening balance by £96,000, and the closing balance by a further £34,000.