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**BIRMINGHAM ORMISTON ACADEMY
(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

Registered Number 06832416 (England and Wales)

Birmingham Ormiston Academy

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Birmingham Ormiston Academy

Reference and Administrative Details

Trustees	Mr	Mike	Gibbons	*	Chair
* = members of the Finance Committee					
	Mr	Gurdip	Bhangoo		
	Ms	Gaynor	Cheshire	*	Principal and Accounting Officer
	Ms	Hilary	Hodgson		
	Mr	Nick	Hudson		Appointed 11 July 2017
	Professor	Bashir	Makhoul		Appointed 13 December 2016
					Resigned 28 March 2017
	Professor	Kevin	Mattinson		Appointed 11 July 2017
	Mr	John	McEvoy		
	Professor	Toby	Salt		Resigned 28 March 2017
	Professor	David	Roberts		Appointed 11 July 2017
	Mr	Ian	Shephard	*	Parent Director to 11 July 2017
	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 to 10 January 2017
	Mr	Michael	Painter		Assistant Principal
	Mr	Michael	Penn		Assistant Principal
	Mr	Derek	Pitt		Assistant Principal
	Mr	Chris	Sudworth		Executive Director: BOAT to 13 April 2017
	Ms	Julie	Waddington		Assistant Principal
Principal and Registered Office			1 Grosvenor Street		
			Birmingham B4 7QD		
Company Registration Number			06832416 (England and Wales)		
Independent Auditor			Grant Thornton UK LLP		
			The Colmore Building		
			20 Colmore Circus		
			Birmingham		
			B4 6AT		
Bankers			Lloyds Bank PLC		
			36/38 New Street		
			Birmingham B2 4LP		
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 Academy Trust for the twelve months ended 31 August 2017.

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 2017 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 Academy 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 Trust 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.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is determined by the Principal in consultation with the Pay Panel (which includes the Chair of Trustees), taking into account a variety of contributing factors such as: role and responsibilities, market factors, and results of annual performance review process, including performance against agreed objectives. The pay and remuneration of the Principal is determined by the Pay Panel.

Related Parties and other Connected Charities and Organisations

The Academy Trust has connections with the following organisations:

- The Ormiston Trust
- Birmingham City University

The Ormiston Trust is the principal sponsor of Birmingham Ormiston Academy. The Ormiston Trust is also the sponsor of Ormiston Academy Trust. The Chief Executive of Ormiston Academy Trust is a Trustee

Birmingham City University is also a sponsor of Birmingham Ormiston Academy.

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.

Trustees' Annual Report (Continued)

Risk Management

The Academy 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 Trust, 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 Trust 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 Academy 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 Trust Risk Register.

Objectives and Activities

Objects and Aims

The principal objects and activities of the Academy Trust 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 Trust, 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.

Trustees' Annual Report (Continued)

Objectives, Strategies and Activities

The Academy Trust'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 Trust during the year ended 31 August 2017 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 Academy 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 Trust to achieve public benefit are set out in the Objectives, Strategies and Activities section above.

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 Trust aims to be at the forefront of the development of the arts and the creative industries.

The Academy Trust 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.

The Academy Trust 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 the Academy Trust to primarily study BTEC Level 2 and Level 3 vocational courses. Students in Year 10 and Year 11 study an additional eight 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, the Academy Trust 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.

The Academy Trust 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 2017 BOA welcomed its fourth set of KS4 results and their fifth set of KS5 results.

In the six years since opening, the Academy Trust 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. The Academy Trust is proud of its impressive industry links. These links continue to give the Academy Trust 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 the Academy Trust 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, the Academy Trust won the tender to manage the Old Repertory Theatre in Birmingham. We consider this to be our second campus. Through this venture, the Academy Trust 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 Trustees carry out their statutory responsibilities. They know the Academy Trust well and act as a 'critical friend'.

The arrangements for safeguarding students meet the statutory guidelines. The behaviour of Academy Trust 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. Three+ years ago, the Academy Trust 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 the Academy Trust'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 of the Academy Trust's 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 three 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 the Academy Trust students to take part in a seven day visit to Denmark in order to collaborate on a high-profile performance project. In the academic year 2015-16, the Academy Trust 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 April 2017, the Academy Trust received consent from the Secretary of State to open a new school, called BOA Digital. It is hoped that this will be open by September 2020.

In March 2017, the Academy Trust was inspected by Ofsted, which declared that the school continues to provide a good quality of education.

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.

The Academy Trust has always had very good results (this is the fifth set of results). Year on year we have seen a trajectory of improvement. In 2017 all core results were above 80% A*-C and vocational results are outstanding. Post 16 students achieved an average point score of 870 which is the equivalent of A*A*A.

GCSE	2016	2017	National (2017)
English	88%	94	70
Maths	82%	85	71
Science	80%	83	48
Post 16	856 (A*AA)	870 (A*A*A)	

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

The Academy Trust 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, three out of the five contestants for the Andrew Lloyd Webber bursary award were Academy Trust students, with Josh Gannon, a former student, being the final winner. Broadcast students have secured jobs immediately on leaving the Academy Trust to work for Russia Today and ITN. Over summer 2016, an Academy Trust 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. The Academy Trust 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 Trust. 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 Strategic Improvement Plan.

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 the Academy Trust. 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 the Academy Trust. 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 Trust 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 was 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 and 2017 results suggest this approach has had positive effects on student outcomes.

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.

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

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of General Annual Grant (GAG), the use of which is restricted to particular purposes. The grants received during 2016/17 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust's financial results for the year are summarised in the Statement of Financial Activities on page 24 and its financial position at 31 August 2017 is shown in the Balance Sheet on page 26.

The Academy Trust generated for Unrestricted and Restricted General Funds a consolidated net income before transfers of £230,000 for the year to 31 August 2017, including a FRS 102 LGPS pension charge of £137,000 (2016-£62,000). If this item is removed from the figure, revised income before transfers of £367,000 would result.

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

At 31 August 2017 the net book value of fixed assets was £20,214,000 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.

The ESFA has been recovering over a four year period from the Academy Trust a figure of £778,000 that related to underdelivery of student numbers in the 2011/12 and 2012/13 academic years. The final recovery payment was made in August 2017. Through tight budget management and close monitoring of cashflow, no financial difficulties were suffered by the Academy Trust. As at 31 August 2017, the Academy has net current assets of £57,000 (2016 net current liabilities of £202,000) and a bank balance of £292,000 (2016 £245,000). The Academy Trust will continue to monitor its finances closely so that it will be able to meet its obligations as they fall due.

Birmingham Ormiston Academy

Trustees' Annual Report (Continued)

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 2017 is detailed in Note 14. The Turnover of BOAT for the twelve months ending 31 August 2017 amounted to £346,000. A small loss of £415 was generated.

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 Trust 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 Trust 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 Trust.

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

Risk	Action Taken
Risk that the lower student numbers 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 Academy Trust reviews the reserve levels of the organisation annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Academy 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 Trust's currently has free reserves of £57,000 (total funds less the amount held in fixed assets and restricted funds.) The Academy Trust 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 Academy 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 April 2017, the DfE gave consent to the Academy Trust 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 by September 2020 located in the centre of Birmingham.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Academy Trust'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 Academy Trust on 12 December 2017 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 the Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Academy 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 Academy 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 Bhangoo	3	4
Gaynor Cheshire (Principal)	4	4
Mike Gibbons (Chair)	4	4
Hilary Hodgson	3	4
Nick Hudson	1	1
Bashir Makhoul	1	2
Kevin Mattinson	0	1
John McEvoy	3	4
David Roberts	1	1
Toby Salt	3	3
Ian Shephard	3	4
Philip Thickett	3	4
Jonnie Turpie	4	4
Nick Williams	1	4

The challenges that have arisen for the Board include:

- The financial impact of the agreed ESFA clawback of funds over the three years to 31 August 2017.
- 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 ESFA guidance issued to Academies;
- authorising the award of contracts over £100,000;
- authorising changes to the Academy personnel establishment;
- reviewing the work of the financial statement auditors; 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
Gaynor Cheshire (Principal)	3	3
Mike Gibbons	3	3
Ian Shephard	2	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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the 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

The Academy Trust 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, the Academy Trust aims to develop the specific talents, gifts and potential of each student and therefore maximise their life chances.

The Academy Trust has established very secure foundations on which to build for the future. There is a clear sense of direction, vision and ethos. The Academy Trust 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 Trust received a very good Ofsted report. (The best it could have received as the Academy Trust had no outcomes at the point of inspection). In August 2017 the Academy Trust's results were outstanding.

Robust governance and oversight of Academy Trust's finances:

The Board is committed to ensuring that governance of the Academy Trust'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 Trust's Development Plan, whilst considering the long term development of the Academy Trust. 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 Trust budget forecast: ensure that the Academy Trust complies with agreed policies and procedures: challenge decision makers on spending proposals. The Committee considers the annual reports and financial statements of the Academy Trust, 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 2016/17 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 Trustees and staff are required to complete a Register of Pecuniary Interests form annually.

Birmingham Ormiston Academy

Governance Statement (continued)

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

The Academy Trust takes a prudent approach to expenditure. As nearly 70% of the Academy Trust'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 Trust'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 Trust 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 2016/17 financial year, the Academy Trust's payroll was maintained by Jerroms. Detailed monthly reconciliations of payroll by the Finance Director ensure that payments to staff are correct.

The Academy Trust'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; Management Accountant; Finance Officer; and Budget Holders.

All the financial transactions of the Academy Trust 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. Trustees 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 2017, the Academy Trust tendered separately for multi-functional reprographic devices; payroll; and washroom services. The Academy Trust will continue to strive for value for money in all its future transactions.

Governance Statement (continued)

Maximising income generation

The Academy Trust 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 Trust 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 Trust 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 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Academy Trust has reviewed the key risks to which it is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Academy Trust is of the view that there is a formal ongoing process for identifying, evaluating and managing its significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Academy 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 Academy 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.

Birmingham Ormiston Academy

Governance Statement (continued)

The Board of Trustees has outsourced to the audit firm, Mazars, the responsibility for undertaking the internal audit function. Mazars's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- Testing of financial planning
- Debit card expenditure
- Expenses
- Review of documentation required in the ESFA External Assurance Pilot review
- Testing of payroll
- Testing of purchase systems
- Testing of reconciliations

The Mazars's '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 assignment 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 Academy Trust on 12 December 2017 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 ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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 ESFA.



Ms G. Cheshire

Accounting Officer

Date: 12 December 2017

Birmingham Ormiston Academy

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Birmingham Ormiston 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 Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 12 December 2017 and signed on their behalf by:



Mr Mike Gibbons

Chair

Date: 12th December 2017

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

Opinion

We have audited the financial statements of Birmingham Ormiston Academy ('the parent charitable company') for the year ended 31 August 2017 which comprise the Consolidated and Academy only Statements of Financial Activities, the Consolidated and Academy only Balance Sheets, the Consolidated Cash Flow Statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report 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 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017

Basis for Qualified Opinion

The parent charitable company's local government pension scheme liability at 31 August 2015 and 31 August 2016, was calculated by the appointed actuary based on the full actuarial valuation as at 31 March 2013. This was then rolled forward to 31 August 2015 and 31 August 2016 in accordance with accounting standards. When the actuary undertook their full actuarial valuation using data as at 31 March 2016 it was identified that some members were omitted from the 2013 valuation in error. The impact of this has been fully reflected in the actuarial gains and losses shown in the Consolidated and Academy only Statements of Financial Activities for the year ending 31 August 2017 as the Trustees were unable to determine how much of this error should have been reflected in the year ended 31 August 2016.

In addition, the parent charitable company's pension liability as at 31 August 2017 was calculated by the appointed actuary based on the full actuarial valuation as at 31 March 2016, rolled forward to 31 August 2017 in accordance with accounting standards. Our audit work identified that the membership numbers submitted to the actuary for this valuation may have been overstated in error.

We have been unable to obtain sufficient appropriate audit evidence about the impact of these member data errors on the financial statements. Consequently, we have been unable to determine that the pension liability recognised in the Consolidated and Academy only Balance Sheets as at 31 August 2016 and 31 August 2017, and the actuarial (losses) / gains on defined benefit pension schemes recognised in the Consolidated and Academy only Statements of Financial Activities for the years ending 31 August 2016 and 31 August 2017, are not materially misstated.

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 11, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the impact on the financial statements of errors in the pension member data submitted to the actuary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Opinion on other matters prescribed by the Companies Act 2006

For the reasons described in the Basis for Qualified Opinion section above, we are unable to conclude whether the financial information given in the 'Financial report for the year' on page 9 of the Trustees' Annual Report is materially misstated. The third paragraph of this section states that there was a FRS 102 LGPS pension charge of £137,000 in the year to 31 August 2017 (£62,000 in the year to 31 August 2016). Except for this matter, in our opinion, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Except for this matter, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (incorporating the Strategic Report).

Matters on which we are required to report by exception

In respect solely to the issue described in the Basis for Qualified Opinion section of our report:

- the parent charitable company financial statements are not in agreement with accounting records and returns; and
- we have not received all the information and explanations we require for our audit.

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
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

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

21 December 2017

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

In accordance with the terms of our engagement letter dated 14 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA 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 ESFA, 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 2010 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Reporting Accountant

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

21 December 2017

Birmingham Ormiston Academy

Consolidated Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account and Statement of Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	Group	Group
		Funds	General	Fixed	Total	Total
	Notes	£000	Funds	Asset	2017	2016
		£000	£000	Funds	£000	£000
				£000		
Income and Endowments from:						
Donations and capital grants	3	150	-	-	150	151
Charitable activities:						
Funding for the Academy Trust's educational operations	4	-	5,559	26	5,585	5,379
Other Trading Activities	5	524	-	-	524	507
Investment income	6	-	-	-	-	-
Total		674	5,559	26	6,259	6,037
Expenditure on:						
Charitable activities:						
Academy's educational operations	8	674	5,329	636	6,639	6,661
Total		674	5,329	636	6,639	6,661
Net Income / (expenditure)		-	230	(610)	(380)	(624)
Transfers between funds	18	-	(108)	108	-	-
Other recognised gains and losses:						
Actuarial (losses) / gains on defined benefit pension schemes	18,26	-	(425)	-	(425)	(340)
Net movement in funds		-	(303)	(502)	(805)	(964)
Reconciliation of funds						
Total funds brought forward	18		(902)	20,716	19,814	20,778
Total funds carried forward		-	(1,205)	20,214	19,009	19,814

All of the Academy Trust'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 2017 (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 2017 £000	Academy Total 2016 (Restated) £000
Income and Endowments from:					
Donations and capital grants	150	-	-	150	150
Charitable activities:					
Funding for the Academy Trust's educational operations	-	5,559	26	5,585	5,379
Other Trading Activities	299	-	-	299	266
Investment income	-	-	-	-	-
Total	449	5,559	26	6,034	5,795
Expenditure on:					
Charitable activities:					
Academy's educational operations	449	5,329	636	6,414	6,419
Total	449	5,329	636	6,414	6,419
Net Income / (expenditure)	-	230	(610)	(380)	(624)
Transfers between funds	-	(108)	108	-	-
Other recognised gains and losses:					
Actuarial (losses) / gains on defined benefit pension schemes	-	(425)	-	(425)	(340)
Net movement in funds	-	(303)	(502)	(805)	(964)
Reconciliation of funds					
Total funds brought forward	-	(902)	20,716	19,814	20,778
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All of the Academy Trust'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 2017

Company Number: 06832416

	Notes	Group 2017 £000	Group 2017 £000	Group 2016 £000	Group 2016 £000
Fixed assets					
Intangible assets	12		8		3
Tangible assets	13		20,206		20,713
Investments	14		-		-
Total fixed assets			20,214		20,716
Current assets					
Stock	15	2		2	
Debtors	16	201		162	
Cash at bank and in hand		292		245	
Total current assets		495		409	
Liabilities:					
Creditors: Amounts falling due within one year	17	(438)		(611)	
Net current assets/(liabilities)			57		(202)
Total assets less current liabilities			20,271		20,514
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			20,271		20,514
Pension scheme liability	26		(1,262)		(700)
Net assets including pension liability			19,009		19,814
Funds of the group:					
Restricted funds					
. Fixed asset fund(s)	18		20,214		20,716
. General fund(s)	18		57		(202)
. Pension reserve	18		(1,262)		(700)
Total restricted funds			19,009		19,814
Unrestricted funds					
. General fund(s)	18		-		-
Total unrestricted funds			-		-
Total Funds			19,009		19,814

The financial statements on pages 24 to 45 were approved by the Trustees, and authorised for issue on 12 December 2017 and signed on their behalf by:



Mr Mike Gibbons
Chair of Trustees

The notes on pages 29 to 45 form part of these financial statements.

Birmingham Ormiston Academy

Balance Sheet as at 31 August 2017 (Academy Only)

Company Number: 06832416

	Academy 2017 £000	Academy 2017 £000	Academy 2016 £000	Academy 2016 £000
Fixed assets				
Intangible assets		8		3
Tangible assets		20,206		20,713
Investments		-		-
Total fixed assets		<u>20,214</u>		<u>20,716</u>
Current assets				
Stock	-		-	
Debtors	200		156	
Inter Company debt	18		-	
Cash at bank and in hand	239		225	
Total current assets	<u>457</u>		<u>381</u>	
Liabilities:				
Creditors: Amounts falling due within one year	(400)		(583)	
Net current assets/(liabilities)		<u>57</u>		<u>(202)</u>
Total assets less current liabilities		20,271		20,514
Creditors: Amounts falling due after more than one year		-		-
Net assets excluding pension liability		<u>20,271</u>		<u>20,514</u>
Pension scheme liability		(1,262)		(700)
Net assets including pension liability		<u>19,009</u>		<u>19,814</u>
Funds of the academy:				
Restricted funds				
. Fixed asset fund(s)		20,214		20,716
. General fund(s)		57		(202)
. Pension reserve		(1,262)		(700)
Total restricted funds		<u>19,009</u>		<u>19,814</u>
Unrestricted funds				
. General fund(s)		-		-
Total unrestricted funds		<u>-</u>		<u>-</u>
Total Funds		<u>19,009</u>		<u>19,814</u>

The financial statements on pages 24 to 45 were approved by the Trustees, and authorised for issue on 12 December 2017 and signed on their behalf by:


Mr Mike Gibbons
Chair of Trustees

The notes on pages 29 to 45 form part of these financial statements

Birmingham Ormiston Academy

Consolidated Cash Flow Statement for the Year Ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	155	55
Cash flows from investing activities	23	(108)	(92)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period	24	<u>47</u>	<u>(37)</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2016		245	282
Cash and cash equivalents at 31 August 2017		<u>292</u>	<u>245</u>

The notes on pages 29 to 45 form part of these financial statements

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Statement of Financial Activities as set out on pages 24 and 25 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 14. 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.

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.

Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

1. Statement of Accounting Policies (continued)

- **Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administrative costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in Note 28.

- **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 goods, facilities and services**

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

- **Donated fixed assets**

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 2017

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, fittings and equipment | 12.5% |
| • Computer hardware | 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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

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 Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

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.

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 ESFA 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 ESFA 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2017 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 2017.

3. Donations and Capital Grants	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
Donations - Capital	-	-	-	-
Private Sponsorship	150	-	150	151
Other Donations	-	-	-	-
	<u>150</u>	<u>-</u>	<u>150</u>	<u>151</u>

4. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA capital grant				
. Devolved Formula Capital allocations	-	26	26	24
	<u>-</u>	<u>26</u>	<u>26</u>	<u>24</u>
DfE/ESFA revenue grants				
. General Annual Grant (GAG) (note 2)	-	5,502	5,502	5,300
. Pupil Premium	-	48	48	48
. Other DfE / ESFA grants	-	7	7	7
	<u>-</u>	<u>5,557</u>	<u>5,557</u>	<u>5,355</u>
Other Government grants				
. Local authority grants	-	2	2	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>5,585</u>	<u>5,585</u>	<u>5,379</u>

5. Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
Other Income	-	-	-	1
Old Rep Theatre Income	229	-	229	207
Academy trips	160	-	160	112
Sundry income	135	-	135	187
	<u>524</u>	<u>-</u>	<u>524</u>	<u>507</u>

6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
Short term deposits	-	-	-	-

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

7. Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2017	2016
	£000	£000	Costs £000	£000	£000
Academy Trust's educational operations					
. Direct costs	3,158	155	887	4,200	4,181
. Allocated support costs	971	1,020	448	2,439	2,480
	4,129	1,175	1,335	6,639	6,661

Net Income/expenditure for the year includes:

	2017 £000	2016 £000
Operating leases	46	46
Depreciation of fixed assets	608	684
(Gain)/loss on disposal of fixed assets	-	5
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	2	2
Fees payable to auditor – financial statements audit	14	13
- internal audit	1	1
- other services	-	3

Included within resources expended are the following transactions.

	Total	Individual items above £5,000	
	£	£	Reason
Unrecoverable debts	945	0	-
Ex-gratia payments	25,018	17,000	Staff restructuring
		2,941	Staff restructuring
		5,077	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 and Skills Funding Agency.

8. Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,200	4,181
Support costs – educational operations	2,439	2,480
	6,639	6,661
Analysis of support costs		
Support staff costs	971	943
Depreciation	453	454
Amortisation of intangible fixed assets	2	2
Technology costs	7	5
Premises costs	565	496
Other support costs	372	496
Governance costs	69	84
Total support costs	2,439	2,480

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

9. Staff costs

a Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	3,196	3,031
Social security costs	318	265
Operating costs of defined benefit pension schemes	568	465
	<u>4,082</u>	<u>3,761</u>
Supply teacher costs	22	101
Staff restructuring costs	25	18
	<u>4,129</u>	<u>3,880</u>
Staff restructuring costs comprise:		
Redundancy payments	3	6
Severance payments	22	12
	<u>25</u>	<u>18</u>

b Non statutory/non-contractual severance payments:

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £25,018 (2016: £18,450). Individually, the payments were: £2,941, £5,077 and £17,000.

c Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as head counts was as follows:

	2017 No.	2016 No.
Charitable Activities		
Teachers	57	49
Administration and support	58	65
Management	8	9
	<u>123</u>	<u>123</u>

d Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	2	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	1	1
	<u>5</u>	<u>6</u>

Four of the above employees participated in the Teachers' Pension Scheme. During the period to 31 August 2017, pension contributions for these staff amounted to £52,882. The other employee participated in the Local Government Fund. During the period to 31 August 2017, pension contributions for this member of staff amounted to £11,053.

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 £675,000 (2016: £724,000).

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

10. Related Party Transactions – trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees 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	(2016: £130,000-£135,000)
Employer's pension contributions	£20,000-£25,000	(2016: £20,000-£25,000)

During the period ended 31 August 2017, travel and subsistence expenses amounting to £1,221 (2016 £505) were reimbursed to two trustees.

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

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy Trust 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 2017 was £992.

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

12. Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2016	18	18
Additions	7	7
At 31 August 2017	<u>25</u>	<u>25</u>
Amortisation		
At 1 September 2016	15	15
Charged in year	2	2
At 31 August 2017	<u>17</u>	<u>17</u>
Carrying amount		
At 31 August 2016	3	3
At 31 August 2017	<u>8</u>	<u>8</u>

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

13. Tangible Fixed Assets

	Leasehold Land and Buildings	Leasehold Land and Buildings (under construction)	Furniture and Equipment	Computer Hardware	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2016	22,456	-	1,138	666	24,260
Additions	-	19	18	64	101
At 31 August 2017	22,456	19	1,156	730	24,361
Depreciation					
At 1 September 2016	2,252	-	763	532	3,547
Charged in year	453	-	111	44	608
At 31 August 2017	2,705	-	874	576	4,155
Net book values					
At 31 August 2017	19,751	19	282	154	20,206
Net book values					
At 31 August 2016	20,204	-	375	134	20,713

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.

14. 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 2017, which have been included in the consolidated financial statements.

	2017 £000	2016 £000
Investment in wholly owned subsidiary company at cost	-	-
A summary of the results for the year ended 31 August 2017 and the balance sheet position at 31 August 2017 is shown below:		
	2017 £000	2016 £000
Profit and loss account		Restated
Turnover	343	364
Cost of sales	(153)	(211)
Gross profit	190	153
Interest received	-	-
Administrative expenses	(190)	(153)
Profit on ordinary activities	-	-
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 2017 was unqualified.

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Notes to the Financial Statements for the Year Ended 31 August 2017

15. Stock

	2017 £000	2016 £000
Catering	2	2
	<u>2</u>	<u>2</u>

16. Debtors

	2017 £000	2016 £000
Trade debtors	6	9
Prepayments	136	118
Grant and other income	13	21
VAT recoverable	46	14
	<u>201</u>	<u>162</u>

17. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	119	143
Taxation and pension contributions	137	121
ESFA creditor: abatement of GAG	-	185
Accruals and deferred income	182	162
	<u>438</u>	<u>611</u>

Deferred income

	2017 £000	2016 £000
Deferred Income at 1 September 2016	103	77
Resources deferred in the year	137	103
Amounts released from previous years	(103)	(77)
Deferred Income at 31 August 2017	<u>137</u>	<u>103</u>

Income deferred in the year relates to DfE £30,000, ESFA Income £66,000, University of Wolverhampton £11,000, Box Office sales for shows £23,000 and educational visits £7,000.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

18. Funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	(202)	5,502	(5,135)	(108)	57
Pupil Premium	-	48	(48)	-	-
Other DfE/ESFA grants	-	7	(7)	-	-
LEA and other grants	-	2	(2)	-	-
Pension reserve	(700)	-	(137)	(425)	(1,262)
	(902)	5,559	(5,329)	(533)	(1,205)
Restricted fixed asset funds					
Inherited Fixed Assets	20,440	-	(531)	-	19,909
DfE/ESFA capital grants	40	26	(37)	-	29
Capital expenditure from GAG	212	-	(62)	108	258
Other capital sponsorship	24	-	(6)	-	18
	20,716	26	(636)	108	20,214
Total restricted funds	19,814	5,585	(5,965)	(425)	19,009
Total unrestricted funds	-	674	(674)	-	-
Total funds	19,814	6,259	(6,639)	(425)	19,009

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 Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Note 2 discloses whether the limit was exceeded.

The Academy Trust is carrying a net surplus of £57,000 on restricted general funds (excluding pension reserve).

Restricted Fixed Asset Fund

The amount of Inherited Fixed Assets of £19,909,000 represents the depreciated replacement cost of the predecessor school's land and buildings and the cost of equipment, which transferred to the Academy Trust on 1 September 2012.

The DfE/ESFA grant of £26,000 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 £108,000 represents the total capital expenditure from GAG during the year.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

19. Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2017
	£000	£000	£000	£000
Intangible fixed assets	-	-	8	8
Tangible fixed assets	-	-	20,206	20,206
Current assets	-	495	-	522
Current liabilities	-	(438)	-	(465)
Pension scheme liability	-	(1,262)	-	(1,262)
Total net assets	-	(1,205)	20,214	19,009

20. Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	40	-

21. Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	65	46
Amounts due between one and five years	102	72
Amounts due after five years	-	-
	167	118

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

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(380)	(624)
Adjusted for:		
Amortisation (note 12)	2	2
Depreciation (note 13)	608	684
Loss on disposal of tangible fixed assets	-	5
Defined benefit pension scheme cost less contributions payable (note 26)	137	62
(Increase)/decrease in stocks	-	-
Decrease/(increase) in debtors	(39)	151
(Decrease)/increase in creditors	(173)	(225)
Net cash provided by operating activities	155	55

23. Cash Flows from Investing Activities

Dividends, interest and rents from investments	-	-
Purchase of intangible fixed assets	(7)	(2)
Purchase of tangible fixed assets	(101)	(90)
Net cash used in investing activities	(108)	(92)

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

24. Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 1 September 2016 £000
Cash in hand and at bank	292	245
Total cash and cash equivalents	292	245

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 2017

26. Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016.

Contributions amounting to £58,462 (2016: £49,965) were payable to the schemes at 31 August 2017 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 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007 automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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 16.4% from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £546,000 (2016: £511,000)

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 Trust has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme.

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Notes to the Financial Statements for the Year Ended 31 August 2017

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 2017 was £138,000, of which employer's contributions totalled £97,000 and employees' contributions totalled £41,000. The agreed contribution rates for future years are 13.9 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 Academy Trust has agreed to pay an additional contribution each year to reduce the pension funding deficit. The additional payment is £15,909 in the April 2017 – March 2018 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 2017	At 31 August 2016
Rate of increase in salaries	4.20%	3.75%
Rate of increase for pensions in payment / inflation	2.70%	2.00%
Discount rate for scheme liabilities	2.60%	2.20%
Inflation assumption (CPI)	2.70%	2.00%

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	21.8	23.1
Females	24.3	25.8
<i>Retiring in 20 years</i>		
Males	24.0	25.3
Females	26.6	28.1

Sensitivity Analysis

	Present value of total obligation At 31 August 2017 £000	Projected service cost At 31 August 2017 £000	Present value of total obligation At 31 August 2016 £000	Projected service cost At 31 August 2016 £000
Discount rate +0.1%	2,270	270	1,462	210
Discount rate -0.1%	2,408	290	1,537	220
Mortality assumption - 1 year increase	2,413	289	1,537	220
Mortality assumption - 1 year decrease	2,266	271	1,462	210
Long term salary increase +0.1%	2,343	280	1,422	212
Long term salary increase -0.1%	2,333	280		

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Notes to the Financial Statements for the Year Ended 31 August 2017

26. Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

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

	Fair value at 31 August 2017		Fair value at 31 August 2016	
	£000	%	£000	%
Equities	680	63%	475	59%
Government bonds	79	7%	55	7%
Other bonds	41	4%	68	9%
Property	79	7%	64	8%
Cash/liquidity	54	5%	51	6%
Other	143	13%	86	11%
Total market value of assets	1,076	100%	799	100%
Present value of scheme liabilities				
- Funded	(2,338)		(1,499)	
Surplus/(deficit) in the scheme	(1,262)		(700)	

The actual return on the scheme assets was £148,000 (2016: £118,000).

Total expenditure recognised in the Statement of Financial Activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	220	144
Net interest cost	14	11
Total operating charge	234	155

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

	2017 £000	2016 £000
Opening defined benefit liabilities at 1 September 2016	1,499	843
Current service cost	220	144
Interest cost	33	35
Employee contributions	41	43
Actuarial (gain)/loss	550	434
Benefits paid	(5)	-
At 31 August	2,338	1,499

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

	2017 £000	2016 £000
Opening fair value of plans' assets at 1 September 2016	799	545
Interest on assets	19	24
Return on assets less interest	129	94
Actuarial (gain)/loss	(4)	-
Employer contributions	97	93
Employee contributions	41	43
Benefits paid	(5)	-
At 31 August	1,076	799

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

27. Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, 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:

During the year an amount of £10,000 was paid to Ormiston Academy Trust for professional services rendered. Professor T Salt, trustee of the Academy was also the Chief Executive Officer of Ormiston Academy Trust until 31 March 2017. Mr N. Hudson, trustee of the Academy is acting Chief Executive of Ormiston Academy Trust from May 2017.

The Academy Trust made the purchase at arms' length in accordance with its financial regulations, which Professor Salt or Mr Hudson neither participated in, nor influenced.

In entering into the transaction the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook 2016.

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

28. Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017, the Academy Trust received £89,504 and disbursed £67,104 from the fund. An amount of £28,528 is included in other creditors relating to undistributed funds that is repayable to ESFA.

29. Prior Year Adjustment

There has been a change in the accounting treatment of the Old Rep so that all Old Rep income and expenditure is classified as BOAT Limited transactions, subject to any restrictions on any grant/donation received or contracts made where the beneficiary is BOA. The change affects the Academy only Statement of Financial Activities and Note 14 Investments. A summary is as follows:

Reconciliation of net income / (expenditure)

Year ended 31 August 2016		
As previously stated	Effect of change	As restated
£000	£000	£000
Net Income / (expenditure)	-	(624)

Note 14 Investments Adjustment

Year ended 31 August 2016		
As previously stated	Effect of change	As restated
£000	£000	£000
Turnover	34	364
Cost of sales	50	211
Gross profit	(16)	153
Administrative expenses	(16)	153
Operating profit	-	-