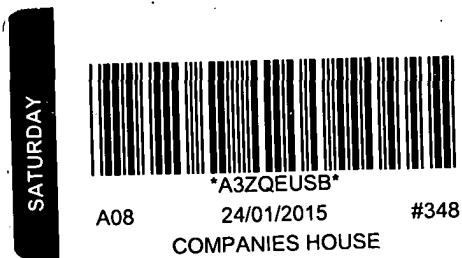




Birmingham Ormiston Academy
imagine everything



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

Registered Number 06832416 (England and Wales)

Birmingham Ormiston Academy

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Birmingham Ormiston Academy

Reference and Administrative Details

Trustees * = members of the Finance Committee	Professor	Toby	Salt	Chair
	Mr	Jonnie	Turpie	
	Mr	Martin	Locket	Responsible Officer
	Professor	Mary	Carswell	*
	Mr	Nick	Williams	
	Ms	Gaynor	Cheshire	*
	Professor	Phillip	Thicket	*
	Mr	Ammo	Talwar	
	Mr	Michael	Lightley	Parent Director
	Ms	Hilary	Hodgson	
	Cllr	Robert	Sealey	*
	Mr	Philip	Singleton	*
	Mr	Mike	Gibbons	
Secretary	Mr	Paul	Averis	Resigned 31 August 2014
Senior Leadership Team:	Ms	Gaynor	Cheshire	Principal
	Mr	Paul	Averis	Vice Principal to 31 August 2014
	Mr	Alistair	Chattaway	Vice Principal
	Mr	Peter	Darwen	Vice Principal from 10 November 2014
	Mrs	Diane	Cleaver	Finance Director to 28 February 2014
	Mr	Umran	Naeem	Assistant Principal
	Mr	Michael	Penn	Assistant Principal
	Mr	Derek	Pitt	Assistant Principal
	Ms	Julie	Waddington	Assistant Principal
Principal and Registered Office	1 Grosvenor Street Birmingham B4 7QD			
Independent Auditor	Grant Thornton UK LLP Colmore Plaza 20 Colmore Circus Birmingham B4 6AT			
Bankers	Lloyds PLC 22A Great Hampton Street Birmingham B18 6AH			
Solicitors	Harrison Clark Rickerbys 5 Deansway Worcester WR1 2JG			

Trustees' Annual Report

The Trustees present their annual report together with the Financial Statements and Auditor's Report of the Charitable Company for the twelve months ended 31 August 2014.

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.

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 year 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 2014 and served throughout the year, except where shown are listed on page 1.

Trustees' Annual Report (Continued)

Policies Adopted for the Induction and Training of Trustees

During the year under review the Trustees held three meetings of the full Trust. The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The Academy Trust structure consists of two levels: the Trustees, and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team (SLT) consisted of the Principal, two Vice Principals (until 31 August 2014), four Assistant Principals and the Finance Director (until 28 February 2014). One of the Vice Principals resigned on 31 August 2014 and was not replaced until 10 November 2014. These senior leaders control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the SLT always contain a Trustee. Some spending control is also devolved to budget holders.

Risk Management

The Trust has assessed the major risks to which the charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. They are satisfied that these systems are consistent with guidelines issued by the Charity Commission. The Academy has an effective system of internal controls and this is explained in more detail later.

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

Trustees' Annual Report (Continued)

Objectives and Activities

Objects and Aims

The principal objects and activities of the Charitable Company are:

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

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

Objectives, Strategies and Activities

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

The main objectives of the Academy during the year ended 31 August 2014 are summarised below:

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

Public Benefit

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

Trustees' Annual Report (Continued)

Performance against Objectives

Birmingham Ormiston Academy (BOA) is a 14-19 academy specialising in Creative, Digital and Performing Arts. It is 100% selective by aptitude in each of its pathways (Broadcast, Gaming and New Media, Visual Art and Design, Production Arts, Music, Music Technology, Dance, Acting and Musical Theatre).

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

The Academy has an eclectic mix of students from the academically very able who follow the level three extended diploma plus two additional A-Levels, to the more academically challenged who solely concentrate on the vocational offer. The Academy accepts 386 students into Year 12 and 158 into Year 10. Performance, production, creativity and excellence are at the centre of the student's experiences. They all work alongside our Creative and Industry partners. BOA's programmes of study are developed and delivered by both our teachers and industry partners. We aim for our partners to be co-constructors in the development and delivery of the curriculum so our students can apply their learning to the world of work.

Geographically, the Academy is located at the hub of the creative, digital and performing industries and admits students from the wider West Midlands region. Our partnerships have grown exponentially and the Academy works with numerous companies. Joint projects, programmes of work and placement experiences make learning interesting, relevant, exciting and effective. Students work alongside professionals providing them with unrivalled opportunities to combine study and real life work experience.

The Academy opened on the 1st September 2011. The first term was difficult and challenging. Students and staff were housed in at least three different venues over the first half term as we were unable to occupy the building until 10th October 2011. (We were also denied the option to accept Year 10 students due to safeguarding reasons as we were housed in public buildings). On moving into the building the staff and students faced further problems as there were major health and safety issues, no ICT infrastructure or phone lines and no department resources. (Purchasing and delivery had been impossible as there were no systems in place to order and no building to deliver to).

The Academy had initially recruited 285 students. Staff and students did well to unify and gain a sense of collegiality in such challenging and complex circumstances. Delays in the building programme caused concerns and impacted on the initial recruitment. Understandably, parents were concerned at the lack of a building in September. Some parents, staff and students felt aggrieved that the whole academy was not fully operational even by November. This did affect numbers and we finish this academic year with 237 students.

In September 2012 the Academy opened for a new academic year for the very first time in the new building. It was also officially an Academy for the very first time. (Prior to this it had been an independent educational institution). With the difficulties encountered with the new build and new start in 2011, there was still a knock-on effect and obviously the lower numbers in year one (as Year 12's rolled into Year 13).

Our inexperience in audition/selection processes (BOA is 100% selective based on aptitude) had also resulted in us failing to initially offer student places at Key Stage 5. Students at Post 16 select many different options for Further Education and often fail to make final decisions until after their exam results. As with Universities, final numbers at Post 16 will be fluid until the beginning of September. Having now been open for two years and experienced three aptitude selection processes, the Academy feels better able to gauge realistic offers to students with a built in % for refusals at the start of the academic year.

Trustees' Annual Report (Continued)

September 2012 also saw the first intake of Year 10 students. Year 9 into Year 10 is not a usual school change. Experience has taught us that this year group has a more secure and definite place allocation, as once a student commits to a move it normally appears to happen.

The Academy is now fully open and student numbers continue to grow to the extent that additional teaching and rehearsal facilities are now required.

There is a real sense of positivity. The student's work is outstanding and Ormiston's regular monthly monitoring visits here have been very positive indeed, as was the May 2013 Ofsted report.

The Academy is now oversubscribed at both Key Stage 4 and Post 16 for 2013/14 and 2014/15. We have 158 students in the current Year 10 and 386 in Year 12. Our overall student number is currently 1,028. The Academy is hugely oversubscribed at both Key Stage 4 and Post 16 with student applications being 8 applications to every one place for certain performing arts courses. The Academy now finds itself short of space, and is likely to expand further. We are delighted to have established such a remarkable reputation for the Academy as a centre of excellence for the arts in such a short amount of time.

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

In May 2013 the Academy received a very good Ofsted report. (The best it could have received as we had no outcomes at the point of inspection). In August 2014 our results were outstanding:

- 99% of students got 2 A-Levels (2013-100%)
- 97% of students got 3 A-Levels (2013-95%)
- 20% of students got 4 A-levels (2013-46%)
- 0.5% of students got 5 A-Levels (2013-3%)

The Average Point Score was 826 (2013-773) which equates to AAA (2013-AAB).

The Academy has to spend a significant amount of money hiring extra facilities. (PE – we are totally inner city with no gym or outdoor space at all). We have to hire PE facilities and tutors. Due to the vast amount of performance work we also have to hire local theatres and exhibition spaces to allow productions to take place. We will overcome the second issue with the acquisition of the Old Rep Theatre from Birmingham City Council. This facility will also enable us to fulfil our performance schedule, to reduce hire costs, but also to expand into Year 14 and offer HNC/HND and apprenticeship courses.

Our aim is for continuous growth, expansion and success.

Despite £700k being shaved off the initial build programme for specialist equipment, the Academy did well to secure some excellent funding:

- £100k from the BRIT Trust for a recording studio
- £250k for stage lighting from PRG
- £150k from Ormiston Trust for extended and enrichment activities

The Academy has demonstrated tremendous success after only one year. We are oversubscribed. The Academy has rapidly gained a name for itself as a centre of excellence and the student's work is inspirational.

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 creditors (amounts falling due after more than one year) balance of £369k. This is in respect of grant funding received in 2012/13 from the Education Funding Agency (EFA) which the EFA intends to recover over three years from 1 September 2014. The Academy Trust had suggested that the repayment should be over a longer period but this was rejected by the EFA. However the changing education climate and further Government funding cuts will lead the Academy Trust into financial difficulty. However as indicated on the preceding page student numbers are extremely positive. The EFA funding contract for 2014/15 is based on 287 Key Stage 4 and 639 Post 16 students. If funding rates remain constant then, under the lagged funding methodology, the Academy should receive additional funding of about £410k in 2015/16. This will significantly improve the liquidity position of the Academy whilst still being in a position to repay year two of the EFA clawback.

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

Key Performance Indicators

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

Finance Review

Financial report for the year

The Academy Trust generated net outgoing resources before transfers of £627,000 for the year to 31 August 2014 including depreciation on fixed assets of £699,000 and a FRS 17 charge of £29,000 (2013-£23,000). The net post FRS 17 break-even position is marginally lower than the budgeted pre FRS 17 outcome of £6,352. If these exceptional items are removed from the figure, revised net incoming resources before transfers of £101,000 would result.

Most of the Academy Trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The recurrent grants received from the EFA during the year ended 31 August 2014 amounted to £5,010,000 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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 2014 the net book value of fixed assets was £21,799,000 and movements in tangible fixed assets are shown in note 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.

Financial Position

Birmingham Ormiston Academy

The Academy held fund balances at 31 August 2014 of £21,312,000 comprising of restricted funds.

Trustees' Annual Report (Continued)

Principal Risks and Uncertainties

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

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

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

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

Risk	Action Taken
Risk that the EFA agreed clawback will place an undue strain on finances as other sources of Government funding reduce, leading to a requirement for a bank overdraft	The Academy is considering writing to the EFA requesting that years two and three of the clawback are recovered over a longer timescale.
Key person loss/succession risk	Ensuring deputies can adequately cover.
Significant increase in employer's contribution to the Teacher's Pension Scheme from September 2015 and the withdrawal of the reduced contracted out employer's National Insurance contribution.	The Academy is actively engaged in a programme of income diversification to address the higher pay costs. An increase in September 2014 recruitment will lead to higher EFA funding in 2015/16.
Risk that the Academy will be unable to replace existing non-Government grant funded projects leading to a reduction in income and contribution.	The Academy will build on existing European contacts to replace the projects that have been successfully completed.

Reserves Policy

The Trust reviews the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trust has determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £250,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's currently has no free reserves (total funds less the amount held in fixed assets and restricted funds.) The Academy intends to build up free reserves to the level required although this may take a number of years.

Trustees' Annual Report (Continued)

Investment Policy

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

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

Plans for Future Periods

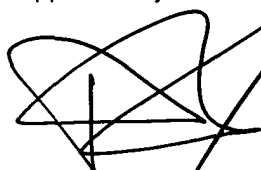
Owing to the nature of this Academy, our expansion plans have included the acquisition of a theatre to enable us to fulfil our performance schedule, to reduce hire costs, but also to expand into Year 14 and possibly offer HNC/HND and apprenticeship courses.

Auditor

In so far as the Trustees are aware:

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

Approved by order of the members of the Trust on 16 December 2014 and signed on its behalf by:



Professor T. Salt

Chair

Birmingham Ormiston Academy

Governance Statement

Scope of Responsibility

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

The Trust has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Birmingham Ormiston Academy and the Secretary of State for Education. They are also responsible for reporting to the Trust any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Gaynor Cheshire	4	4
Toby Salt	4	4
Mary Carswell	3	4
Nick Williams	4	4
Hilary Hodgson	2	4
Martin Locket	4	4
Ammo Talwar	4	4
Philip Thickett	2	4
Jonnie Turpie	3	4
Michael Lightley	3	4
Mike Gibbons	4	4
Philip Singleton	1	4
Robert Sealey	2	4

The challenges that have arisen for the Board include:

- The financial impact of the agreed EFA clawback of funds over three years.
- Providing additional resources to enable the Academy student numbers to increase in line with applications.
- The new curriculum changes relating to English & Maths qualifications and the need to demonstrate that each 16-18 year old student has a study programme of at least 540 hours.
- Ensuring that the Academy is in a position to absorb the additional staff on-costs in 2015/16.

Governance Statement (continued)

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

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985, DfE and EFA guidance issued to Academies;
- authorising the award of contracts over £20,000;
- authorising changes to the Academy personnel establishment and;
- reviewing the reports of the Responsible Officer 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
Robert Sealey	2	3
Mary Carswell	2	3
Philip Thickett	2	3
Gaynor Cheshire	3	3
Philip Singleton	2	3

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 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust is of the view that there is a formal ongoing process for identifying, evaluating and managing the

Academy Trust's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust.

Governance Statement (continued)

The Risk and Control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trustees have appointed Martin Locket, a Trustee, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Trust on the operation of the systems of control and on the discharge of the Trust's financial responsibilities. The Academy Trust has outsourced to Mazars the responsibility for undertaking the internal audit function. The two assignments undertaken during the year did not contain any significant issues. On this basis the Academy Trust confirms that the RO 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 Responsible Officer
- The work of the external auditor
- The financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

There are no significant internal control weaknesses.

Approved by order of the members of the Trust on 16 December 2014 and signed on its behalf by:


Professor T. Salt
Chair

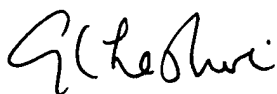

Ms G. Cheshire
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Ms G. Cheshire

Accounting Officer

Statement of Trustees' Responsibilities

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

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

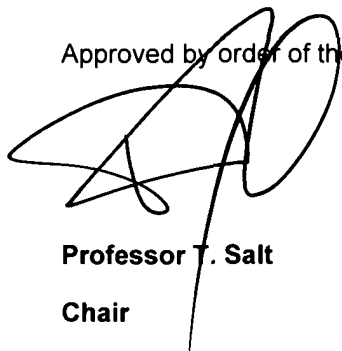
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

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

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

Approved by order of the members of the Trust on 16 December 2014 and signed on their behalf by:



Professor T. Salt
Chair

Birmingham Ormiston Academy

Independent Auditor's Report to the Members of Birmingham Ormiston Academy

We have audited the financial statements of Birmingham Ormiston Academy for the year ended 31 August 2014 which comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Birmingham Ormiston Academy

Independent Auditor's Report to the Members of Birmingham Ormiston Academy (Continued)

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Kyla Bellingall
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

17 December 2014

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Birmingham Ormiston Academy

Independent Reporting Accountant's Assurance Report on Regularity to Birmingham Ormiston Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 18 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Birmingham Ormiston Academy during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Birmingham Ormiston Academy and the EFA in accordance with the terms of our engagement letter dated 18 September 2014. Our review work has been undertaken so that we might state to Birmingham Ormiston Academy and the EFA those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Birmingham Ormiston Academy and the EFA, for our review 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 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Birmingham Ormiston Academy

Independent Reporting Accountant's Assurance Report on Regularity to Birmingham Ormiston Academy and the Education Funding Agency (Continued)

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
- detailed 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 2013 to 31 August 2014 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Statutory auditor
Colmore Plaza
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

17 December 2014

Birmingham Ormiston Academy

Statement of Financial Activities for the Year Ended 31 August 2014 (including Income and Expenditure Account and Statement of Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2014	2013
	Note	£000	Funds	Asset	£000	£000
		£000	£000	Funds	£000	£000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	28	-	-	28	150
Donation in Kind from Local Authority (Restated)		-	-	-	-	-
Activities for generating funds	4	244	-	-	244	135
Investment income	5	1	-	-	1	1
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	6	-	5,010	11	5,021	3,992
Total incoming resources		273	5,010	11	5,294	4,278
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	8	260	4,861	710	5,831	5,015
Governance costs	9	13	77	-	90	98
Total resources expended	7	273	4,938	710	5,921	5,113
Net incoming (outgoing) resources before transfers		-	72	(699)	(627)	(835)
Gross transfers between funds	17	-	(20)	20	-	-
Net income/(expenditure) for the year		-	52	(679)	(627)	(835)
Other recognised gains and losses:						
Brought forward defined benefit pension scheme liability	24	-	-	-	-	(52)
Actuarial gains on defined benefit pension schemes	17,24	-	(115)	-	(115)	5
Net movement in funds		-	(63)	(679)	(742)	(882)
Reconciliation of funds						
Total funds brought forward at 1 September 2013	17	-	(424)	22,478	22,054	22,006
Prior year adjustment	13,17	-	-	-	-	930
Total funds carried forward at 31 August 2014		-	(487)	21,799	21,312	22,054

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

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

Birmingham Ormiston Academy

Balance Sheet as at 31 August 2014

Company Number: 06832416

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	13		21,799		22,478
Total fixed assets			<u>21,799</u>		<u>22,478</u>
Current assets					
Debtors	14	188		170	
Cash at bank and in hand		<u>437</u>		<u>510</u>	
Total current assets		<u>625</u>		<u>680</u>	
Liabilities:					
Creditors: Amounts falling due within one year	15	(529)		(508)	
Net current assets/(liabilities)			<u>96</u>		<u>172</u>
Total assets less current liabilities			21,895		22,650
Creditors: Amounts falling due after more than one year	16		(369)		(526)
Net assets excluding pension liability			21,526		22,124
Pension scheme liability	24		<u>(214)</u>		<u>(70)</u>
Net assets including pension liability			<u>21,312</u>		<u>22,054</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	17		21,799		22,478
General fund(s)	17		(273)		(354)
Pension reserve	17		<u>(214)</u>		<u>(70)</u>
Total restricted funds			<u>21,312</u>		<u>22,054</u>
Unrestricted funds					
General fund(s)	17		-		-
Total unrestricted funds			<u>-</u>		<u>-</u>
Total Funds			<u>21,312</u>		<u>22,054</u>

The financial statements on pages 19 to 37 were approved by the Trustees, and authorised for issue on 16 December 2014 and signed on their behalf by:


Professor T Salt
 Chair of Trustees

The notes on pages 22 to 37 form part of these financial statements.

Birmingham Ormiston Academy

Cash Flow Statement for the Year Ended 31 August 2014

		2014 £000	2013 £000
Net cash (outflow)/inflow from operating activities	19	(54)	361
Returns on investments and servicing of finance	20	1	1
Capital expenditure	21	(20)	(147)
(Decrease) / increase in cash in the year	22	<u>(73)</u>	<u>215</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		510	295
Net funds at 31 August 2014		<u>437</u>	<u>510</u>

The notes on pages 22 to 37 form part of these financial statements

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by EFA and the Companies Act 2006. The Statement of Financial Activities as set out on page 19 identifies the identical information as that of the Income and Expenditure Statement. As such, no separate Income and Expenditure Statement has been prepared.

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 Academy Trust to continue as a going concern. The governors 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 creditors (amounts falling due after more than one year) balance of £369k. This is in respect of grant funding received in 2012/13 from the Education Funding Agency (EFA) which the EFA have advised will be clawed-back in thirty six equal instalments from September 2014 to August 2017. The repayment will impact on the Academy's cash reserves unless sufficient surpluses can be generated in the three years. Correspondence from the EFA states that the repayment plan should ensure that the Academy Trust will not be placed in any financial difficulty. As a result, the Trustees are of the view that the EFA repayment profile, subject to annual surpluses, will enable the Academy to meet its obligations as they fall due. The Trustees are all aware of the requirement to generate significant surpluses.

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.

Incoming resources

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in deferred income.

- **Sponsorship income**

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

- **Donations**

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

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

1. Statement of Accounting Policies (continued)

- **Other income**

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

- **Donated services and gifts in kind**

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

Resources expended

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

- **Cost of generating funds**

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

- **Charitable activities**

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

- **Governance costs**

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy.

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

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

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

Notes to the Financial Statements for the Year Ended 31 August 2014

1. Statement of Accounting Policies (continued)

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.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefit

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the EFA or the Department for Education.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2014 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 2014.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

3. Voluntary Income	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Donations - Capital	-	-	-	-
Private Sponsorship	28	-	28	150
Other Donations	-	-	-	-
	<u>28</u>	<u>-</u>	<u>28</u>	<u>150</u>
4. Activities for Generating Funds	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Other Income	2	-	2	4
Academy trips	107	-	107	41
Sundry income	135	-	135	90
	<u>244</u>	<u>-</u>	<u>244</u>	<u>135</u>
5. Investment Income	Unrestricted Funds £000	Restricted Funds £000	2014 Total £000	2013 Total £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
6. Funding for Academy's educational operations	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
DfE/EFA capital grant				
Devolved Formula Capital allocations	-	11	11	12
	<u>-</u>	<u>11</u>	<u>11</u>	<u>12</u>
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	4,775	4,775	3,310
Start Up Grants	-	75	75	292
Pupil Premium	-	60	60	21
Other DfE / EFA grants	-	100	100	357
	<u>-</u>	<u>5,010</u>	<u>5,010</u>	<u>3,980</u>
Other Government grants				
Special educational grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>5,021</u>	<u>5,021</u>	<u>3,992</u>

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

7. Resources Expended	Staff Costs	Non Pay Expenditure		Total	Total
	£000	Premises £000	Other Costs £000	2014 £000	2013 £000
Academy's educational operations					
· Direct costs	2,779	250	1,002	4,031	3,217
· Allocated support costs	464	898	438	1,800	1,798
	3,243	1,148	1,440	5,831	5,015
Governance costs including allocated support costs	-	-	90	90	98
	3,243	1,148	1,530	5,921	5,113
Net Incoming/outgoing resources for the year include:				2014 £000	2013 £000
Fees payable to auditor - audit				10	21
- other services				1	1
Depreciation of fixed assets				699	684

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately.

Severance/compensation payments amounting to £40,000 in total were paid to two members of staff.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

8. Charitable Activities - Academy's educational operations

	Total 2014 £000	Total 2013 £000
Direct costs		
Teaching and educational support staff costs	2,779	2,235
Depreciation	250	235
Educational supplies	363	352
Examination fees	124	86
Technology costs	195	150
Staff development	23	13
Educational consultancy	234	128
Other direct costs	63	18
	<u>4,031</u>	<u>3,217</u>
Allocated support costs		
Support staff costs incl FRS 17 charge of £28,000 (2012/13: £21,000)	464	396
Depreciation	449	449
Recruitment and support	115	91
Maintenance of premises	99	67
Cleaning	83	84
Rates	40	35
Water rates	11	11
Energy	121	106
Insurance	33	35
Security	40	42
Catering	24	69
Occupancy costs	14	6
Travel and Subsistence	1	1
Other support costs	305	404
FRS 17 Interest (2012/13: £2,000)	1	2
	<u>1,800</u>	<u>1,798</u>
	<u>5,816</u>	<u>5,015</u>

9. Governance costs

	Total 2014 £000	Total 2013 £000
Legal and professional fees	78	75
Auditors' remuneration		
. Audit of financial statements	10	9
. Audit of March 2013 pilot financial statements	-	12
. Responsible officer audit	1	1
Governors' reimbursed expenses	1	1
	<u>90</u>	<u>98</u>

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

10. Staff costs

Staff costs during the period were:

	Total 2014 £000	Total 2013 £000
Wages and salaries	2,561	2,056
Social security costs	205	171
Other pension costs incl FRS 17 charge of £28,000 (2012/13: £21,000)	353	294
	<u>3,119</u>	<u>2,521</u>
Supply teacher costs	84	80
Compensation payments	40	30
	<u>3,243</u>	<u>2,631</u>

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

	2014 No.	2013 No.
Charitable Activities		
Teachers	47	39
Administration and support	29	18
Management	6	6
	<u>82</u>	<u>63</u>

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

	2014 Number	2013 Number
£60,001 - £70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

The above three employees participated in the Teachers' Pension Scheme. During the period to 31 August 2014, pension contributions for these staff amounted to £36,003.

11. Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide, undertaking the roles of Principal and staff and not in respect of their services as governors.

Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of Trustee's remuneration was as follows:

Ms G Cheshire (Principal and Trustee) £125,000-£130,000 (2013: £115,000-£120,000)

During the period ended 31 August 2014, travel and subsistence expenses amounting to £1,327 (2013 £742) were reimbursed to one governor.

Related party transactions involving the trustees are set out in Note 25.

12. Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors 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 2014 was £1,307.

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

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

13. Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2013	-	22,434	382	1,009	-	23,825
Additions			13	7	-	20
At 31 August 2014	-	22,434	395	1,016	-	23,845
Depreciation						
At 1 September 2013	-	897	73	377	-	1,347
Charged in year		449	48	202	-	699
At 31 August 2014	-	1,346	121	579	-	2,046
Net book values						
At 31 August 2014	-	21,088	274	437	-	21,799
Net book values						
At 31 August 2013	-	21,537	309	632	-	22,478

14. Debtors

	2014 £000	2013 £000
Trade debtors	3	30
Prepayments	99	100
Sundry debtors	-	9
Grant and other income	63	17
VAT recoverable	23	14
	188	170

15. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	96	46
Taxation and pension contributions	104	-
Accruals and deferred income	329	462
	529	508

Deferred income

	2014 £000	2013 £000
Deferred Income at 1 September 2013	108	43
Resources deferred in the year	52	108
Amounts released from previous years	(108)	(43)
Deferred Income at 31 August 2014	52	108

Income deferred in the year relates to EFA Income £27,000, Malta/YEU Projects £14,000 and educational visits £11,000

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

	2014 £000	2013 £000
Accrued expenditure	369	526
	369	526

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

17. Funds

	Balance at 1 September 2013 £000	Incoming resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General Annual Grant (GAG)	(354)	4,775	(4,674)	(20)	(273)
Start Up Grant	-	75	(75)	-	-
Other DfE/EFA grants	-	160	(160)	-	-
Pension reserve	(70)	-	(29)	(115)	(214)
	(424)	5,010	(4,938)	(135)	(487)
Restricted fixed asset funds					
DfE/EFA capital grants	79	11	(11)	-	79
Inherited Fixed Assets	22,233	-	(699)	-	21,534
Capital expenditure from GAG	166	-	-	20	186
	22,478	11	(710)	20	21,799
Total restricted funds	22,054	5,021	(5,648)	(115)	21,312
Unrestricted funds					
Unrestricted funds	-	273	(273)	-	-
Total unrestricted funds	-	273	(273)	-	-
Total funds	22,054	5,294	(5,921)	(115)	21,312

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

The Trust is carrying a net deficit of £273,000 on restricted general funds (excluding pension reserve) because of underachievement of its 14-16 and 16-18 pupil numbers in prior years. The Trust has now agreed a recovery period for the 2012/13 underachievement. The repayments are over three years commencing September 2014. The Trust is unable to return the general funds to surplus in one year but plans are in place to reduce the deficit each year.

Restricted Fixed Asset Fund

The amount of Inherited Fixed Assets of £21,534,000 represents the depreciated replacement cost of the predecessor school's land and buildings and the cost of equipment, which transferred to the Academy on 1 September 2012. This has been restated to correct a material understatement.

The DfE/EFA grant of £11,000 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 £20,000 represents the total capital expenditure from the General Annual Grant (GAG) during the year.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

18. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2014
	£000	£000	£000	£000
Tangible fixed assets	-	-	21,799	21,799
Current assets	-	625	-	625
Current liabilities	-	(529)	-	(529)
Long term liabilities	-	(369)	-	(369)
Pension scheme liability	-	(214)	-	(214)
Total net assets	-	(487)	21,799	21,312

19. Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities

	2014 £000	2013 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation	(627)	(835)
Depreciation (note 13)	699	684
Donations - inherited fixed assets	-	-
Capital grants from DfE and other capital income	-	-
Interest receivable (note 5)	(1)	(1)
FRS 17 pension cost less contributions payable (note 24)	28	21
FRS 17 pension finance income (note 24)	1	2
Decrease/(increase) in debtors	(18)	(52)
(Decrease)/increase in creditors	(136)	542
Net cash inflow from operating activities	(54)	361

20. Returns on investments and servicing of finance

Interest received	1	1
Net cash inflow from returns on investment and servicing of finance	1	1

21. Capital expenditure and financial investment

Purchase of tangible fixed assets	(20)	(147)
Net cash outflow from capital expenditure and financial investment	(20)	(147)

22. Analysis of changes in net funds

	At 1 September 2013 £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	510	(73)	437
	510	(73)	437

Notes to the Financial Statements for the Year Ended 31 August 2014

23. 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.

24. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and the LGPS 31 March 2013.

Contributions amounting to £43,000 (2013: £Nil) were payable to the schemes at 31 August 2014 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)-currently 14.1%
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

24. Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representative's bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

24. 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 2014 was £87,000, of which employer's contributions totalled £57,000 and employees' contributions totalled £30,000. The agreed contribution rates for future years are 12.6 per cent for employers and between 5.5 per cent and 12.5 per cent for employees. In addition to the above contribution rate and figures the Trust has agreed to pay an additional contribution each year to reduce the pension funding deficit. The additional payment is £6,000 in the April 2014 – March 2015 year increasing to £6,250 in the April 2015 – March 2016 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 2014	At 31 August 2013
Rate of increase in salaries	3.95%	4.15%
Rate of increase for pensions in payment / inflation	2.20%	2.40%
Discount rate for scheme liabilities	4.00%	4.60%
Inflation assumption (CPI)	2.20%	2.40%

Sensitivities

Disclosure Item		Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. inflation	Sensitivity 3 1 year increase in life expectancy
	£000	£000	£000	£000
Liabilities	624	609	639	635
Assets	(410)	(410)	(410)	(410)
Deficit/(Surplus)	214	199	229	225
Projected Service Cost for next year	91	88	93	93
Projected Expected Return on Assets for next year	(26)	(26)	(26)	(26)
Projected Interest Cost for next year	27	27	28	28

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 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.9	22.1
Females	25.5	24.8
<i>Retiring in 20 years</i>		
Males	25.1	23.9
Females	27.8	26.7

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

24. Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Expected return at 31 August 2014	Fair value at 31 August 2014	Expected return August 2013	Fair value August 2013
	%	£'000	%	£'000
Equities	7.00	185	7.00%	52
Government bonds	2.90	32	3.40%	10
Other bonds	3.80	42	4.40%	14
Property	6.20	36	5.70%	11
Cash/liquidity	0.50	18	0.50%	5
Other	7.00	97	7.00%	31
Total market value of assets		410		123
Present value of scheme liabilities - Funded		(624)		(193)
Surplus/(deficit) in the scheme		(214)		(70)

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

The expected return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2014 this yield was 2.9% p.a.

The expected investment return on corporate bonds is based on market yields at the relevant date, less a reduction to reflect a risk of default in the corporate bond yield.

Assumed returns on property are based on the expected long term returns on cash investments, plus a risk premium to allow for expected out-performance of property over cash, and an adjustment for the impact of the expected volatility of the returns.

The actual return on the scheme assets was £17,000.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Total expenditure recognised in the Statement of Financial Activities

	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	85	62
Past Service cost	-	-
Total operating charge	85	62

Analysis of pension finance income / (costs)

	2014 £'000	2013 £'000
Expected return on pension scheme assets	(10)	(5)
Interest on pension liabilities	11	7
Pension finance income / (costs)	1	2

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £110,000 loss.

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

	2014 £'000	2013 £'000
Opening defined benefit liabilities at 1 September 2013	193	-
Current service cost	85	62
Interest cost	11	7
Employee contributions	30	22
Actuarial (gain)/loss	305	-
Benefits paid	-	-
Past Service cost	-	-
Curtailments and settlements	-	-
Liabilities assumed in a business combination	-	102
At 31 August	624	193

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

	2014 £'000	2013 £'000
Opening fair value of plans' assets at 1 September 2013	123	-
Expected return on assets	10	5
Actuarial gains / (losses)	190	5
Employer contributions	57	41
Employee contributions	30	22
Benefits paid	-	-
Assets acquired in a business combination	-	50
At 31 August	410	123

The estimated value of employer contributions for the year ended 31 August 2015 is £62,000.

Birmingham Ormiston Academy

Notes to the Financial Statements for the Year Ended 31 August 2014

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The five-year history of experience adjustments is as follows:

	2014 £'000	2013 £'000
Defined benefit obligation at end of year	(624)	(193)
Fair value of plan assets at end of year	410	123
Deficit	(214)	(70)
 Experience adjustments on share of scheme assets		
Amount £'000	190	5
 Experience adjustments on share of scheme liabilities		
Amount £'000	(286)	-

25. Related Party Transactions

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

During the year an amount of £140,000 was paid to Ormiston Academy Trust for professional services rendered. Professor T Salt and Ms H Hodgson, trustees of the Academy are also trustees of Ormiston Academy Trust. The Academy has also made payments amounting to £13,834 in 2013/14 to Motionhouse Dance Theatre, a Company in which Ms Gaynor Cheshire has a declared interest.

26. Post Balance Sheet Events

On 1 November 2014 the Academy entered into a lease agreement with Birmingham City Council to rent and manage the Old Rep Theatre in Birmingham. The purpose of this acquisition is to provide additional studio facilities for students and a large theatre for student productions. As part of the agreement the Academy has to make the Theatre available for community use.