



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**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	Mr	Mike	Gibbons	*	Chair
	Mr	Gurdip	Bhangoo		
	Ms	Gaynor	Cheshire	*	Executive Principal, Chief Executive Officer and Accounting Officer
	Ms	Hilary	Hodgson		
	Mr	Nick	Hudson		
	Professor	Kevin	Mattinson		
	Mr	John	McEvoy		Resigned 25 September 2018
	Mr	John	Reilly		Principal from 1 September 2018
	Professor	David	Roberts		Resigned 25 September 2018
	Mr	David	Silber		Appointed 27 March 2018
	Professor	Philip	Thickett	*	
	Mr	Alistair	Todd		Appointed 27 March 2018
	Mr	Jonnie	Turpie		
	Sir	Nick	Williams		Resigned 25 September 2018
Company Secretary	Mr	Peter	Darwen		
Executive Team:	Ms	Gaynor	Cheshire		Executive Principal and Chief Executive Officer from 1 September 2018
	Mr	Peter	Darwen		Finance Director
Senior Leadership Team:	Ms	Gaynor	Cheshire		Principal to 31 August 2018
	Mr	John	Reilly		Principal from 1 September 2018
	Mr	Alistair	Chattaway		Vice Principal to 31 August 2018
	Mr	Peter	Darwen		Finance Director
	Mr	Michael	Painter		Assistant Principal
	Mr	Michael	Penn		Assistant Principal to 31 August 2018
	Mr	Michael	Penn		Vice Principal from 1 September 2018
	Mr	Derek	Pitt		Assistant Principal
	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**

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## **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 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

### **Structure, Governance and Management**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company was incorporated on 27<sup>th</sup> 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 2018 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.

#### Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

The total cost of facility time	0
The total pay bill	0
The percentage of the total pay bill spent on facility time calculated as:  (total cost of facility time / total pay bill) * 100	0

## Birmingham Ormiston Academy

### Trustees' Annual Report (Continued)

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) * 100	0
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#### 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 three levels: the Trustees, the Executive Team 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, one Vice Principal, one Finance Director and four Assistant Principals. 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.

On 1 September 2018 the Principal of the Academy Trust became the Executive Principal and Chief Executive Officer of the BOA Group in anticipation of the Academy Trust becoming a multi-academy trust (MAT). From this date, the SLT of the Academy Trust consists of a newly appointed Principal, one Vice Principal, one Finance Director and three Assistant Principals.

# **Birmingham Ormiston Academy**

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## **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 2018 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.



# **Birmingham Ormiston Academy**

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## **Trustees' Annual Report (Continued)**

### **Strategic Report**

#### **Performance against Objectives**

Birmingham Ormiston Academy is an 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 1050 students on roll. In 2018 BOA welcomed its fifth set of KS4 results and their sixth set of KS5 results.

In the seven 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 programs 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 PRG and BOSE. 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.

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.

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.

## Birmingham Ormiston Academy

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### Trustees' Annual Report (Continued)

#### Performance against Objectives (Continued)

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. International work is a key area of our development plan.

In June 2015 BOA was invited by the then head of New Schools Network to open a new school. The board decided to do this and the bid was submitted in 2016, approved 2017. The implementation process has now begun and the school will open 2021.

The executive senior leadership team have robust annual improvement plans which act as KPI and are reported against at board meetings.

The Academy Trust has always had very good results (this is the sixth set of results). Year on year we have seen a trajectory of improvement. In 2018 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, with English achieving 100% 4-9.

The previous three years' results are as follows:

GCSE	2015	National (2015)	2016	National (2016)	2017	National (2017)
English	82%	65%	88%	60%	94%	70%
Maths	82%	63%	82%	61%	85%	71%
Science	79%	59%	80%	53%	83%	48%
Post 16	AAA		A*AA		A*A*A	

Our 2018 results are outstanding.

English 4-9 100%

Maths 4-9 88.2%

P8 +0.4

Post 16 AAB (this reflects the new rigorous external exams on the Btec courses).

We have an in-year trend of improvement in both attainment and progress. BOA is currently the top rated 14-19 school in the country. The 2018 GCSE results will place BOA in the top 5% of Birmingham secondary schools with only 6 academically selective schools with stronger results.

### Trustees' Annual Report (Continued)

#### Performance against Objectives (Continued)

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. Summer 2018 the two youngest ever students gained places at the National Film College.

The board 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.

The Academy Trust has a secure, experienced and stable 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 SLT 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 SLT 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.

## **Trustees' Annual Report (Continued)**

### **Performance against Objectives (Continued)**

The pastoral system is particularly strong and is a real strength of the academy who prides itself in personalising the students' experience, support and guidance but also to ensure we develop the students' broader education and social skills. The 2017 and 2018 results suggest this approach has had positive effects on student outcomes with our best ever GCSE results.

The level 3 Btec courses are now very challenging and contain three externally examined written units. The board decided to retain these qualifications and their rigour rather than move to other 100% course work based qualifications.

### **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 2017/18 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 25 and its financial position at 31 August 2018 is shown in the Balance Sheet on page 27.

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 2018, including a FRS 102 LGPS pension charge of £230,000 (2017-£165,000). If this item is removed from the figure, revised income before transfers of £0 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 2018 the net book value of fixed assets was £19,648,000 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.

# Birmingham Ormiston Academy

## Trustees' Annual Report (Continued)

### Financial report for the year (continued)

Through tight budget management and close monitoring of cashflow, no financial difficulties were suffered by the Academy Trust. As at 31 August 2018, the Academy has net current assets of £9,000 (2017 net current assets of £57,000) and a bank balance of £217,000 (2017 £292,000). The Academy Trust will continue to monitor its finances closely so that it will be able to meet its obligations as they fall due.

### 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 Profit and Loss Account of the company for the twelve month period to 31 August 2018 is detailed in Note 14. The Turnover of BOAT for the twelve months ending 31 August 2018 amounted to £458,000. A small profit of £1,000 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 Finance and General Purposes (F&GP) Committee undertakes a comprehensive review of the risks to which the Academy Trust 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 F&GP Committee 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 F&GP 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 Trust. 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
BOA Digital not being signed off by Birmingham City Council	Ensure that expenditure does not exceed the initial award of £30,000 Project Development Grant
Key person loss/succession risk	Ensuring deputies can adequately cover.
Main funders/sponsors withdrawing support	Ongoing dialogue with funders/sponsors to ensure that they continue to provide support

### 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 £9,000 (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.

## 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.

### Fundraising

The Academy Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

### 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 2021 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 11 December 2018 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	1	4
Gaynor Cheshire (Principal)	4	4
Mike Gibbons (Chair)	4	4
Hilary Hodgson	3	4
Nick Hudson	4	4
Kevin Mattinson	3	4
John McEvoy	2	4
David Roberts	3	4
David Silber	2	2
Philip Thickett	4	4
Alistair Todd	2	2
Jonnie Turpie	2	4
Nick Williams	2	4

## 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
Kevin Mattinson	2	3
David Silber	1	1
Philip Thickett (Chair of Committee)	3	3
Alistair Todd	1	1

### 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 March 2017 the Academy Trust received a very good Ofsted report. The areas for improvement have been addressed in the development plan. In August 2018 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 2017/18 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.

### 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 2017/18 financial year, the Academy Trust's payroll was maintained by UHY Hacker Young. 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 2018, the Academy Trust tendered separately for cleaning; security; and hard facilities management. 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 was sourced through Zurich until 31 August 2018. The Academy Trust joined the Risk Protection Arrangement on 1 September 2018. 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 2018 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 2018 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.

### Governance Statement (continued)

The Board of Trustees has outsourced to the audit firm, Mazars, the responsibility for undertaking the internal audit function. Mazar'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
- Testing of payroll
- Testing of purchase systems
- Testing of reconciliations
- Cash handling at the Old Rep Theatre.

The Mazar'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 11 December 2018 and signed on its behalf by:



Mr Mike Gibbons

Chair



Ms G. Cheshire

Accounting Officer

## Birmingham Ormiston Academy

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### 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 2017.

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 2017.

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



**Ms G. Cheshire**

**Accounting Officer**

**Date:** 11/12/18

### 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 2017 to 2018;
- 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 11 December 2018 and signed on their behalf by:



**Mr Mike Gibbons**

**Chair**

**Date:**

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

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### **Opinion**

We have audited the financial statements of Birmingham Ormiston Academy ('the parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2018 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 2017 to 2018

### **Basis for Opinion**

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 or the parent 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 12, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' 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 group and the parent 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**

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

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, 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 group or the parent 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](http://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

*13 December 2018*



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

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In accordance with the terms of our engagement letter dated 27 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Birmingham Ormiston Academy during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Grant Thornton UK LLP*

Reporting Accountant

Grant Thornton UK LLP  
Chartered Accountants  
Birmingham

*13 December 2018*

# Birmingham Ormiston Academy

## Consolidated Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account and Statement of Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	Group	Group
		Funds	General	Fixed	Total	Total
		£000	Funds	Asset	2018	2017
	Notes	£000	£000	Funds	£000	£000
				£000		(Restated)
<b>Income and Endowments from:</b>						
Donations and capital grants	3	153	-	-	153	150
Charitable activities:						
Funding for the Academy Trust's educational operations	4	-	5,186	26	5,212	5,585
Other Trading Activities	5	501	-	-	501	524
Investment income	6	-	-	-	-	-
<b>Total</b>		<b>654</b>	<b>5,186</b>	<b>26</b>	<b>5,866</b>	<b>6,259</b>
<b>Expenditure on:</b>						
Charitable activities:						
Academy's educational operations	8	653	5,416	641	6,710	6,667
<b>Total</b>		<b>653</b>	<b>5,416</b>	<b>641</b>	<b>6,710</b>	<b>6,667</b>
<b>Net Income / (expenditure)</b>		<b>1</b>	<b>(230)</b>	<b>(615)</b>	<b>(844)</b>	<b>(408)</b>
Transfers between funds	18	(1)	(49)	50	-	-
<b>Other recognised gains and losses:</b>						
Actuarial (losses) / gains on defined benefit pension schemes	18,26	-	376	-	376	(43)
<b>Net movement in funds</b>		<b>-</b>	<b>97</b>	<b>(565)</b>	<b>(468)</b>	<b>(451)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	18		(1,165)	20,214	19,049	19,500
<b>Total funds carried forward</b>		<b>-</b>	<b>(1,068)</b>	<b>19,649</b>	<b>18,581</b>	<b>19,049</b>

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 2018 (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 2018 £000	Academy Total 2017 (Restated) £000
<b>Income and Endowments from:</b>					
Donations and capital grants	150	-	-	150	150
Charitable activities:					
Funding for the Academy Trust's educational operations	-	5,187	26	5,213	5,585
Other Trading Activities	264	-	-	264	299
Investment income	-	-	-	-	-
<b>Total</b>	<b>414</b>	<b>5,187</b>	<b>26</b>	<b>5,627</b>	<b>6,034</b>
<b>Expenditure on:</b>					
Charitable activities:					
Academy's educational operations	414	5,417	641	6,472	6,442
<b>Total</b>	<b>414</b>	<b>5,417</b>	<b>641</b>	<b>6,472</b>	<b>6,442</b>
<b>Net Income / (expenditure)</b>	<b>-</b>	<b>(230)</b>	<b>(615)</b>	<b>(845)</b>	<b>(408)</b>
Transfers between funds	-	(50)	50	-	-
<b>Other recognised gains and losses:</b>					
Actuarial (losses) / gains on defined benefit pension schemes	-	376	-	376	(43)
<b>Net movement in funds</b>	<b>-</b>	<b>96</b>	<b>(565)</b>	<b>(469)</b>	<b>(451)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	-	(1,165)	20,214	19,049	19,500
<b>Total funds carried forward</b>	<b>-</b>	<b>(1,069)</b>	<b>19,649</b>	<b>18,580</b>	<b>19,049</b>

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 2018

Company Number: 06832416

	Notes	Group 2018 £000	Group 2018 £000	Group 2017 £000	Group 2017 £000 (Restated)
<b>Fixed assets</b>					
Intangible assets	12		11		8
Tangible assets	13		19,637		20,206
Investments	14		-		-
<b>Total fixed assets</b>			<b>19,648</b>		<b>20,214</b>
<b>Current assets</b>					
Stock	15	3		2	
Debtors	16	188		201	
Cash at bank and in hand	24	217		292	
<b>Total current assets</b>		<b>408</b>		<b>495</b>	
<b>Liabilities:</b>					
<b>Creditors:</b> Amounts falling due within one year	17	(399)		(438)	
<b>Net current assets/(liabilities)</b>			<b>9</b>		<b>57</b>
<b>Total assets less current liabilities</b>			<b>19,657</b>		<b>20,271</b>
<b>Creditors:</b> Amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<b>19,657</b>		<b>20,271</b>
Pension scheme liability	26		(1,076)		(1,222)
<b>Net assets including pension liability</b>			<b>18,581</b>		<b>19,049</b>
<b>Funds of the group:</b>					
<b>Restricted funds</b>					
. Fixed asset fund(s)	18		19,648		20,214
. General fund(s)	18		9		57
. Pension reserve	18		(1,076)		(1,222)
<b>Total restricted funds</b>			<b>18,581</b>		<b>19,049</b>
<b>Unrestricted funds</b>					
. General fund(s)	18		-		-
<b>Total unrestricted funds</b>			<b>-</b>		<b>-</b>
<b>Total Funds</b>			<b>18,581</b>		<b>19,049</b>

The financial statements on pages 25 to 49 were approved by the Trustees, and authorised for issue on 11 December 2018 and signed on their behalf by:



**Mr Mike Gibbons**  
**Chair of Trustees**

The notes on pages 30 to 49 form part of these financial statements.

# Birmingham Ormiston Academy

## Balance Sheet as at 31 August 2018 (Academy Only)

Company Number: 06832416

	Notes	Academy 2018 £000	Academy 2018 £000	Academy 2017 £000	Academy 2017 £000 (Restated)
<b>Fixed assets</b>					
Intangible assets	12		11		8
Tangible assets			19,636		20,206
Investments			-		-
<b>Total fixed assets</b>			<b>19,647</b>		<b>20,214</b>
<b>Current assets</b>					
Stock			-		-
Debtors		166		200	
Inter Company debt		9		18	
Cash at bank and in hand		174		239	
<b>Total current assets</b>		<b>349</b>		<b>457</b>	
<b>Liabilities:</b>					
<b>Creditors:</b> Amounts falling due within one year		(340)		(400)	
<b>Net current assets/(liabilities)</b>			<b>9</b>		<b>57</b>
<b>Total assets less current liabilities</b>			<b>19,656</b>		<b>20,271</b>
<b>Creditors:</b> Amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<b>19,656</b>		<b>20,271</b>
Pension scheme liability	26		(1,076)		(1,222)
<b>Net assets including pension liability</b>			<b>18,580</b>		<b>19,049</b>
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
. Fixed asset fund(s)			19,647		20,214
. General fund(s)	18		9		57
. Pension reserve	18		(1,076)		(1,222)
<b>Total restricted funds</b>			<b>18,580</b>		<b>19,049</b>
<b>Unrestricted funds</b>					
. General fund(s)	18		-		-
<b>Total unrestricted funds</b>			<b>-</b>		<b>-</b>
<b>Total Funds</b>			<b>18,580</b>		<b>19,049</b>

The financial statements on pages 25 to 49 were approved by the Trustees, and authorised for issue on 11 December 2018 and signed on their behalf by:

  
Mr Mike Gibbons  
Chair of Trustees

The notes on pages 30 to 49 form part of these financial statements

## Birmingham Ormiston Academy

### Consolidated Cash Flow Statement for the Year Ended 31 August 2018

	Notes	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	(25)	155
Cash flows from investing activities	23	(50)	(108)
Cash flows from financing activities		-	-
<b>Change in cash and cash equivalents in the reporting period</b>	24	<u>(75)</u>	<u>47</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Cash and cash equivalents at 1 September 2017		292	245
<b>Cash and cash equivalents at 31 August 2018</b>		<u>217</u>	<u>292</u>

The notes on pages 30 to 49 form part of these financial statements

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

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### 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Statement of Financial Activities as set out on pages 25 and 26 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 2018

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### 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.

Notes to the Financial Statements for the Year Ended 31 August 2018

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**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%
- Intellectual property rights 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.

**Leased Assets**

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

**Financial Instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

*Financial Liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

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### 1. Statement of Accounting Policies (continued)

#### 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.

#### 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.

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 1. Statement of Accounting Policies (continued)

#### 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2018 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 2018.

### 3. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Private Sponsorship	150	-	150	150
Other Donations	3	-	3	-
	<u>153</u>	<u>-</u>	<u>153</u>	<u>150</u>

### 4. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
<b>DfE/ESFA capital grant</b>				
. Devolved Formula Capital allocations	-	26	26	26
	<u>-</u>	<u>26</u>	<u>26</u>	<u>26</u>
<b>DfE/ESFA revenue grants</b>				
. General Annual Grant (GAG) (note 2)	-	5,097	5,097	5,502
. Pupil Premium	-	48	48	48
. Other DfE / ESFA grants	-	23	23	7
	<u>-</u>	<u>5,168</u>	<u>5,168</u>	<u>5,557</u>
<b>Other Government grants</b>				
. Local authority grants	-	18	18	2
	<u>-</u>	<u>5,212</u>	<u>5,212</u>	<u>5,585</u>

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 5. Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Old Rep Theatre Income	245	-	245	229
Academy trips	123	-	123	160
Sundry income	133	-	133	135
	<u>501</u>	<u>-</u>	<u>501</u>	<u>524</u>

### 6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Short term deposits	-	-	-	-

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 7. Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2018	2017
	£000	£000	£000	£000	£000
Academy Trust's educational operations					(Restated)
Direct costs	3,098	160	868	4,126	4,200
Allocated support costs	1,147	1,026	411	2,584	2,467
	<b>4,245</b>	<b>1,186</b>	<b>1,279</b>	<b>6,710</b>	<b>6,667</b>

#### Net Income/expenditure for the year includes:

	2018 £000	2017 £000
Operating leases	46	46
Depreciation of fixed assets	613	608
(Gain)/loss on disposal of fixed assets	1	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	2	2
Fees payable to auditor – financial statements audit	15	14
- internal audit	1	1

Included within resources expended are the following transactions.

	Total £	Individual items above £5,000 £	Reason
Fixed asset losses	1,267	0	
Unrecoverable debts	101	0	-
Ex-gratia payments	20,166	12,951	Staff restructuring

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2017, being delegated authority or approval from the Education and Skills Funding Agency.

### 8. Charitable Activities

	Total 2018 £000	Total 2017 £000
		(Restated)
Direct costs – educational operations	4,126	4,200
Support costs – educational operations	2,584	2,467
	<b>6,710</b>	<b>6,667</b>

#### Analysis of support costs

Support staff costs	1,147	992
Depreciation	453	453
Amortisation of intangible fixed assets	2	2
Technology costs	7	7
Premises costs	571	565
Other support costs	342	379
Governance costs	62	69
<b>Total support costs</b>	<b>2,584</b>	<b>2,467</b>

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 9. Staff costs

#### a Staff costs during the period were:

	Total 2018 £000	Total 2017 £000
Wages and salaries	3,201	3,196
Social security costs	317	318
Pension costs	669	568
	<u>4,187</u>	<u>4,082</u>
Agency staff costs	31	22
Staff restructuring costs	27	25
	<u>4,245</u>	<u>4,129</u>
Staff restructuring costs comprise:		
Redundancy payments	7	3
Severance payments	20	22
	<u>27</u>	<u>25</u>

#### b Non statutory/non-contractual severance payments:

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £20,166 (2017: £25,018). Individually, the payment over £5,000 is £12,951 made on 20/6/2018.

#### 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:

	2018 No.	2017 No.
<b>Charitable Activities</b>		
Teachers	50	57
Administration and support	73	58
Management	7	8
	<u>130</u>	<u>123</u>

#### d Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
	<u>5</u>	<u>5</u>

Four of the above employees participated in the Teachers' Pension Scheme. During the period to 31 August 2018, pension contributions for these staff amounted to £57,319. The other employee participated in the Local Government Fund. During the period to 31 August 2018, pension contributions for this member of staff amounted to £11,808.

#### 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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £707,000 (2017: £675,000).

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 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	£145,000-£150,000	(2017: £130,000-£135,000)
Employer's pension contributions	£20,000-£25,000	(2017: £20,000-£25,000)

During the period ended 31 August 2018, travel and subsistence expenses amounting to £773 (2017 £1,221) 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 2018 was £1,053 (2017 £992).

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

### 12. Intangible Fixed Assets

	Intellectual Property Rights £000	Computer Software £000	Total £000
<b>Cost</b>			
At 1 September 2017	0	25	25
Additions	5	0	5
At 31 August 2018	5	25	30
<b>Amortisation</b>			
At 1 September 2017	0	17	17
Charged in year	0	2	2
At 31 August 2018	0	19	19
<b>Carrying amount</b>			
At 31 August 2017	0	8	8
At 31 August 2018	5	6	11



# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 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
<b>Cost</b>					
At 1 September 2017	22,456	19	1,156	730	24,361
Additions	-	36	8	1	45
Disposals	-	-	(7)	(3)	(10)
At 31 August 2018	22,456	55	1,157	728	24,396
<b>Depreciation</b>					
At 1 September 2017	2,705	-	874	576	4,155
Charged in year	453	-	112	48	613
Disposals	-	-	(6)	(3)	(9)
At 31 August 2018	3,158	-	980	621	4,759
<b>Net book values</b>					
At 31 August 2018	19,298	55	177	107	19,637
<b>Net book values</b>					
At 31 August 2017	19,751	19	282	154	20,206

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 2018, which have been included in the consolidated financial statements.

	2018 £000	2017 £000
Investment in wholly owned subsidiary company at cost	-	-
A summary of the results for the year ended 31 August 2018 and the Balance Sheet position at 31 August 2018 is shown below:		
	2018 £000	2017 £000
<b>Profit and loss account</b>		<b>Restated</b>
Turnover	458	444
Cost of sales	(168)	(170)
Gross profit	290	274
Interest received	-	-
Administrative expenses	(289)	(274)
Profit on ordinary activities	1	-
Retained profits brought forward at 1 September	-	-
Retained profits carried forward at 31 August	1	-
<b>Balance sheet</b>		
Called up share capital	-	-
Net assets	1	-

The audit report for Birmingham Ormiston Academy Theatre Limited for the year ended 31 August 2018 was unqualified.

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 15. Stock

	2018 £000	2017 £000
Catering	3	2
	<u>3</u>	<u>2</u>

### 16. Debtors

	2018 £000	2017 £000
Trade debtors	12	6
Prepayments	137	136
Grant and other income	20	13
VAT recoverable	19	46
	<u>188</u>	<u>201</u>

### 17. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	77	119
Taxation and pension contributions	139	137
ESFA creditor: abatement of GAG	-	-
Accruals and deferred income	183	182
	<u>399</u>	<u>438</u>

### Deferred income

	2018 £000	2017 £000
Deferred Income at 1 September 2017	137	103
Resources deferred in the year	116	137
Amounts released from previous years	(137)	(103)
Deferred Income at 31 August 2018	<u>116</u>	<u>137</u>

Income deferred in the year relates to DfE £21,000, ESFA Income £56,000, Box Office sales for shows £36,000 and educational visits £3,000.

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 18. Funds

	Balance at 1 September 2017 £000 (Restated)	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	57	5,097	(5,096)	(49)	9
Pupil Premium	-	48	(48)	-	-
Other DfE/ESFA grants	-	23	(23)	-	-
LEA and other grants	-	18	(18)	-	-
Pension reserve	(1,222)	-	(230)	376	(1,076)
	<b>(1,165)</b>	<b>5,186</b>	<b>(5,415)</b>	<b>327</b>	<b>(1,067)</b>
<b>Restricted fixed asset funds</b>					
Inherited Fixed Assets	19,909	-	(533)	-	19,376
DfE/ESFA capital grants	29	26	(35)	-	20
Capital expenditure from GAG	258	-	(68)	49	239
Other capital sponsorship	18	-	(6)	-	12
Other	-	-	-	1	1
	<b>20,214</b>	<b>26</b>	<b>(642)</b>	<b>50</b>	<b>19,648</b>
<b>Total restricted funds</b>	<b>19,049</b>	<b>5,212</b>	<b>(6,057)</b>	<b>377</b>	<b>18,581</b>
<b>Total unrestricted funds</b>	<b>-</b>	<b>654</b>	<b>(653)</b>	<b>(1)</b>	<b>-</b>
<b>Total funds</b>	<b>19,049</b>	<b>5,866</b>	<b>(6,710)</b>	<b>376</b>	<b>18,581</b>

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 2018. Note 2 discloses whether the limit was exceeded.

The Academy Trust is carrying a net surplus of £9,000 on restricted general funds (excluding pension reserve).

#### Restricted Fixed Asset Fund

The amount of Inherited Fixed Assets of £19,376,000 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 £49,000 represents the total capital expenditure from GAG during the year.

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 18. Funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
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	(1,014)	-	(165)	(43)	(1,222)
	<b>(1,216)</b>	<b>5,559</b>	<b>(5,357)</b>	<b>(151)</b>	<b>(1,165)</b>
<b>Restricted fixed asset funds</b>					
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
	<b>20,716</b>	<b>26</b>	<b>(636)</b>	<b>108</b>	<b>20,214</b>
<b>Total restricted funds</b>	<b>19,500</b>	<b>5,585</b>	<b>(5,993)</b>	<b>(43)</b>	<b>19,049</b>
<b>Total unrestricted funds</b>	<b>-</b>	<b>674</b>	<b>(674)</b>	<b>-</b>	<b>-</b>
<b>Total funds</b>	<b>19,500</b>	<b>6,259</b>	<b>(6,667)</b>	<b>(43)</b>	<b>19,049</b>

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(202)	10,599	(10,231)	(157)	9
Pupil Premium	-	96	(96)	-	-
Other DfE/ESFA grants	-	30	(30)	-	-
LEA and other grants	-	20	(20)	-	-
Pension reserve	(1,014)	-	(395)	333	(1,076)
	<b>(1,216)</b>	<b>10,745</b>	<b>(10,772)</b>	<b>176</b>	<b>(1,067)</b>
<b>Restricted fixed asset funds</b>					
Inherited Fixed Assets	20,440	-	(1,064)	-	19,376
DfE/ESFA capital grants	40	52	(72)	-	20
Capital expenditure from GAG	212	-	(130)	157	239
Other capital sponsorship	24	-	(12)	-	12
Other	-	-	-	1	1
	<b>20,716</b>	<b>52</b>	<b>(1,278)</b>	<b>158</b>	<b>19,648</b>
<b>Total restricted funds</b>	<b>19,500</b>	<b>10,797</b>	<b>(12,050)</b>	<b>334</b>	<b>18,581</b>
<b>Total unrestricted funds</b>	<b>-</b>	<b>1,328</b>	<b>(1,327)</b>	<b>(1)</b>	<b>-</b>
<b>Total funds</b>	<b>19,500</b>	<b>12,125</b>	<b>(13,377)</b>	<b>333</b>	<b>18,581</b>

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 19. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2018
	£000	£000	£000	£000
Intangible fixed assets	-	-	11	11
Tangible fixed assets	-	-	19,637	19,637
Current assets	-	408	-	408
Current liabilities	-	(399)	-	(399)
Pension scheme liability	-	(1,076)	-	(1,076)
<b>Total net assets</b>	<b>-</b>	<b>(1,067)</b>	<b>19,648</b>	<b>18,581</b>

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

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2017 (Restated)
	£000	£000	£000	£000
Intangible fixed assets	-	-	8	8
Tangible fixed assets	-	-	20,206	20,206
Current assets	-	495	-	495
Current liabilities	-	(438)	-	(438)
Pension scheme liability	-	(1,222)	-	(1,222)
<b>Total net assets</b>	<b>-</b>	<b>(1,165)</b>	<b>20,214</b>	<b>19,049</b>

### 20. Capital commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	2	40

### 21. Commitments under operating leases

#### Operating leases

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

	2018 £000	2017 £000
Amounts due within one year	65	65
Amounts due between one and five years	56	102
Amounts due after five years	-	-
	<b>102</b>	<b>167</b>

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

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

	2018 £000	2017 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(844)	(408)
Adjusted for:		
Amortisation (note 12)	2	2
Depreciation (note 13)	613	608
Loss on disposal of tangible fixed assets	1	-
Defined benefit pension scheme cost less contributions payable (note 26)	230	165
(Increase)/decrease in stocks	(1)	-
Decrease/(increase) in debtors	13	(39)
(Decrease)/increase in creditors	(39)	(173)
<b>Net cash provided by operating activities</b>	<b>(25)</b>	<b>155</b>

### 23. Cash Flows from Investing Activities

Dividends, interest and rents from investments	-	-
Purchase of intangible fixed assets	(5)	(7)
Purchase of tangible fixed assets	(45)	(101)
<b>Net cash used in investing activities</b>	<b>(50)</b>	<b>(108)</b>

### 24. Analysis of cash and cash equivalents

	At 31 August 2018 £000	At 1 September 2017 £000
Cash in hand and at bank	217	292
<b>Total cash and cash equivalents</b>	<b>217</b>	<b>292</b>

### 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.

**Notes to the Financial Statements for the Year Ended 31 August 2018**

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**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 £58,217 (2017: £58,462) were payable to the schemes at 31 August 2018 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 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007 automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. During the year the employer contribution rate was 16.48%.

The total pension costs paid to TPS in the period amounted to £536,000 (2017: £546,000) of which employer's contributions totalled £340,000 and employees' contributions totalled £195,000.

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.

Notes to the Financial Statements for the Year Ended 31 August 2018

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 2018 was £167,000 (2017: £133,000), of which employer's contributions totalled £113,000 (2017: £89,000) and employees' contributions totalled £54,000 (2017: £44,000). 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 Trust has agreed to pay an additional contribution each year to reduce the pension funding deficit. The additional payment is £16,494 in the April 17 - March 18 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 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.70%	2.60%
Inflation assumption (CPI)	2.30%	2.70%

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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.4	24.3
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	26.7	26.6

Sensitivity Analysis

	Present value of total obligation At 31 August 2018	Projected service cost At 31 August 2018	Present value of total obligation At 31 August 2017 (Restated)	Projected service cost At 31 August 2017 (Restated)
	£000	£000	£000	£000
Discount rate +0.1%	2,265	260	2,231	259
Discount rate -0.1%	2,403	280	2,367	297
Mortality assumption - 1 year increase	2,407	279	2,371	278
Mortality assumption - 1 year decrease	2,261	262	2,227	261
Long term salary increase +0.1%	2,336	270	2,302	269
Long term salary increase -0.1%	2,330	270	2,294	269



# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 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 2018		Fair value at 31 August 2017	
	£000	%	£000	%
Equities	796	63%	680	63%
Government bonds	90	7%	79	7%
Other bonds	47	4%	41	4%
Property	102	8%	79	7%
Cash/liquidity	47	4%	54	5%
Other	175	14%	143	13%
<b>Total market value of assets</b>	<b>1,257</b>	<b>100%</b>	<b>1,076</b>	<b>100%</b>
Present value of scheme liabilities				
- Funded	(2,333)		(2,298)	
<b>Surplus/(deficit) in the scheme</b>	<b>(1,076)</b>		<b>(1,222)</b>	

The actual return on the scheme assets was £14,000 (2017: £148,000).

#### Amount recognised in the Statement of Financial Activities

	2018 £000	2017 £000 (Restated)
Current service cost	334	241
Interest Income	(30)	(19)
Interest Cost	60	40
<b>Total operating charge</b>	<b>364</b>	<b>262</b>

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

	2018 £000	2017 £000 (Restated)
<b>At 1 September 2017</b>	<b>2,298</b>	<b>1,813</b>
Current service cost	334	241
Interest cost	60	40
Employee contributions	54	41
Actuarial (gain)/loss	(392)	168
Benefits paid	(21)	(5)
<b>At 31 August</b>	<b>2,333</b>	<b>2,298</b>

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

	2018 £000	2017 £000
<b>At 1 September 2017</b>	<b>1,076</b>	<b>799</b>
Interest on assets	30	19
Return on assets less interest	(16)	129
Actuarial (gain)/loss	-	(4)
Employer contributions	134	97
Employee contributions	54	41
Benefits paid	(21)	(5)
<b>At 31 August</b>	<b>1,257</b>	<b>1,076</b>

**27. Related Party Transactions**

Owing to the nature of the academy trust 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 trustees may have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

**Expenditure Related Party Transaction**

During the year an amount of £55,000 was paid to Ormiston Academies Trust for professional services rendered. There was £17,500 outstanding at 31 August 2018 (2017 nil).

Mr N. Hudson, trustee of the Academy is also the Chief Executive Officer of Ormiston Academies Trust.

The Trust made the purchase at arms' length in accordance with its financial regulations, which 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 2017.

The element above £2,500 has been provided 'at no more than cost' and Ormiston Academies Trust have provided a statement confirming this.

**Income Related Party Transaction**

The Academy received a donation of £150,000 from Ormiston Trust.

**28. Agency Arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018, the Academy Trust received £80,667 and disbursed £85,215 from the fund. An amount of £19,947 is included in other creditors relating to undistributed funds that is repayable to ESFA.

# Birmingham Ormiston Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 29. Prior Year Adjustment

The Academy Trust'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 was 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 Academy Trust'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. The work carried out by the financial statements' auditors identified that the membership numbers submitted to the actuary for this valuation may have been overstated in error. Therefore the 2016/17 financial statements were issued with a qualified opinion.

Since the issue of the 2016/17 financial statements, an extra actuarial valuation was conducted by the actuary with a revised figures for 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. The movement in total funds and the reconciliation of net income/expenditure are provided below.

#### Reconciliation of total funds

	1 September 2016	31 August 2017
	£000	£000
Total funds previously reported	19,814	19,009
Material error in estimation technique	(314)	40
<b>Total funds</b>	<b>19,500</b>	<b>19,049</b>

#### Reconciliation of net income / (expenditure)

	31 August 2017
	£000
Net income / (expenditure) previously reported	(805)
Change in service cost	(21)
Change in net interest on defined liability	(7)
Change in actuarial loss on defined benefit pension scheme	382
<b>Net Income / (expenditure)</b>	<b>(451)</b>

### 30. 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. This lease expires on 31 March 2019. Preliminary discussions with Birmingham City Council indicate that they would be willing to extend this lease beyond this date.