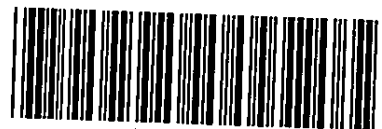


UNIVERSITY ACADEMY OF BIRKENHEAD
PARK ROAD SOUTH, BIRKENHEAD, WIRRAL CH43 4UY

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

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UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Reference and Administration Details

Board of Governors (also Directors of the Company)

The Board of Governors comprises the following individuals:-

		Appointed Date:	Resigned Date:
Rt Hon F Field MP	Chair		Resigned as chair 11 10 12
Professor David Cracknell	Chair	Appointed to role of chair 11 10 12	
Ms L Moore	Vice Chair	Appointed to role of Vice-Chair from 11 10 12	
Dr Colin Hankinson	Sponsor Governor		
Professor Timothy Wheeler	Sponsor Governor		
Mr G Fairlie	Sponsor Governor	6 02 12	
Cllr W Smith	Sponsor Governor		
Mr M Hayhoe	Sponsor Governor	22 03.12	
Mr M Kilbride	Co-sponsor Governor		
Ms S Higginson	Co-sponsor Governor	01 09 12	
Dr H Aspinall	Co-sponsor Governor		
Mr M Potter	Co-sponsor Governor		31 08 12
Mr A Brighouse			
Ms J Quayle	Co-opted Governor		25 09 12
Jo Bacon	Co-opted Governor	05 10 12	
Tricia Sterling	Co-opted Governor	05 10 12	
Mr G Parry	Principal	11 06 12	
Mr I Simons	Parent Governor	12 03 12	
Ms G Sandland	Parent Governor	28 03 12	
Mr M Coffin	Teacher Governor	15 03 12	
P Patrick	Support Staff Governor	15 03 12	
Corporate Secretary	Schofield Sweeney, LLP (resigned 18 06 12) St Paul's Secretaries Limited (appointed 18 06 12)		

The Principal is an ex-officio Governor.

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Reference and Administration Details (Cont'd)

Senior Management Team

Principal	Mr G Parry
Vice Principal	Mr J Forman
Vice Principal	Mrs H Johnson
Assistant Principal	Mr P Mee
Assistant Principal	Mr N Foley
Assistant Principal	Mr P Silcock
Assistant Principal	Mr P Spence

Company Registration Number: 7472190 (England & Wales)

Registered Office University Academy of Birkenhead
University of Chester
Parkgate Road
Chester
CH1 4BJ

Principal Office: University Academy of Birkenhead
Park Road South
Birkenhead
Wirral
CH43 4UY

Independent Auditors: Baker Tilly UK Audit LLP
Steam Mill
Chester
Cheshire
CH3 5AN

Bankers: Co-Operative Bank plc
Lyceum Building
1 Bold Street
Liverpool
L1 4NW

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

The trustees of the University Academy Birkenhead ("the Academy"), who are also directors of the Academy for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2012

Constitution and principal activities

The Academy is a company limited by guarantee (Company registration number 07472190) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy and were set up on 16 December 2010. All of the trustees are also directors of the limited company. The Academy was established on 1 January 2011 to replace Park High School and Rock Ferry High School, both of which ceased to exist in December 2010.

Members of the Academy Trust Company are the Principal Sponsor (the University of Chester) as well as the University of Liverpool, Wirral Metropolitan College and Birkenhead 6th Form College. In addition, the Secretary of State has the power to appoint a member and the remainder of the members have the power to appoint up to two individuals as members. Neither has chosen to exercise their power.

The 'funding agreement' was executed and delivered as a deed in December 2010 and signed by the Academy and the Secretary of State for Education. The funding agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn and that the curriculum should comply with the substance of the national curriculum with emphasis on mathematics and sport and performance and its principal applications.

The principal activity of the charitable company was to provide education for 11-16 year olds within the Birkenhead community with an emphasis on Applied Learning, Sport and Performance.

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.

Governance

Trustees are directors of the charitable company for the purposes of the company law and Trustees for the purposes of charity legislation.

Details of the Trustees and Directors who served throughout the year and were in office at 31 August 2012 (except as noted) are included in the Reference and Administration Details on page 2.

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Governance (Cont'd)

Trustees/Directors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. At each annual general meeting of the charitable company one third of the Trustees retire by rotation. The Trustees to retire are those who have been longest in office since their last election or appointment.

During the year under review, the Board of Trustees/Directors held five meetings. In addition, there was a facilitated training event for 'Governors' Responsibilities' which included changes in the new Charities SORP. The training and induction provided for any new Trustees/Directors will depend on their existing experience. Each newly elected Trustee/Director will receive an induction tailored specifically to the individual and delivered in an informal manner. Where necessary, induction will provide training on charity and educational, legal and financial matters. All new Trustees/Directors will be given a tour of the Academy and the chance to meet with staff and students. All Trustees/Directors are provided with policies, procedures, minutes, accounts, budgets, plans and other documents needed in order for them to undertake their roles as Trustees/Directors.

In accordance with normal commercial practice and as permitted by its Articles of Association the Academy has purchased insurance to protect trustees, Directors 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.

Organisational structure

The Board and Leadership Team were appointed prior to opening. All other staff were transferred under TUPE regulations from predecessor schools. During the year all teams were restructured into Academy roles to complete a unified structure to drive the Academy forward. The structure now consists of three levels: the Board, the Leadership Team and the extended Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Leadership Team are the Principal, Vice Principals and Assistant Principals. These managers control the Academy at an executive level implementing the policies laid down by the Board and reporting back to them. As a group the Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Leadership Team always contain a Board member. Some spending control is devolved to members of the extended Leadership Team, with limits above which the Principal must countersign.

The Extended Management Team (EMT) includes the Heads of Faculty and Heads of Achievement. The EMT are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Risk Management

The Governing Body has in place a process for the assessment of risk. A risk register has been completed and the risks are reviewed annually by the Board. Systems and processes are in place to mitigate any significant risks identified.

Connected Organisations

The main sponsor of the Academy is the University of Chester, with the following additional co-sponsors: University of Liverpool, Wirral Metropolitan College, Wirral Borough Council and Birkenhead Sixth Form College. Details of related party transactions are given in note 24.

Objectives and Activities

The principle object and activity of the charitable company is the operation of the University Academy Birkenhead and to provide education for students of different abilities between the ages of 11 and 16 with an emphasis on Applied Learning, Sport and Performance.

In accordance with the Funding Agreement the charitable company has determined amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on mathematics and sport with performance.

In setting our objectives and planning our activities the Board have given careful consideration to the Charity Commission's general guidance on public benefit.

The main objectives of the Academy during the year ended 31 August 2012 are summarised below:

- Develop positive relationships based on mutual respect and tolerance, ensuring social inclusion,
- Ensure the academy is an outstanding place for learning,
- Provide a fun and stimulating learning environment, enabling individual potential to be realised,
- Celebrate and value success,
- Provide opportunities for lifelong learning that challenges, motivates and inspires,
- Ensure we are at the heart of the community, maximising community links,
- Provide diverse learning pathways,
- Continue our commitment to high achievement for all.

Strategies and activities

The Academy's main strategy is encompassed by the following beliefs:

To provide

- learning opportunities for all students so that they progress to attain outstanding qualifications,
- appropriate and professional learning development for all staff,

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Strategies and activities (Cont'd)

- a programme of enrichment activities that develops students' passions and interests
- that all students will follow an innovative curriculum, at key stage three it focuses on basic skills and deep learning skills, whilst at key stages four and five students are able to follow individual pathways to meet their needs and aspirations,
- an atmosphere where we develop positive relationships based on mutual respect and tolerance, ensuring social inclusion,
- opportunities to maximise links in our community

Equal opportunities and employment of disabled persons

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Accessible toilets are installed and door widths are adequate to enable wheelchair access to the building along with two lifts. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment where possible, by making support resources available and through training and career development.

Public Benefit

The Board have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Review of Achievements and Performance for the Year

In the academic year 2011-2012 University Academy Birkenhead experienced significant organisational upheaval that included

- the relocation of provision onto a single site in September 2011
- significant and numerous changes in the Academy senior leadership resulting in the absence of a substantive Principal until mid-June 2012
- significant staffing reductions through the course of the year following the merger of the two predecessor schools

Despite the commitment and hard work from staff and students in creating a single institution the Academy suffered from a decline in performance in 2011-2012 as follows

- The proportion of students achieving the key benchmark of 5 A*-C including English and Maths fell by 6.5% points from 2011. It is also below the Government floor target of 40% and is 22.5% below the national average. It is estimated that the national situation over the grade boundaries in English may account for 2% of this dip.
- The proportion of students achieving 5 good GCSEs was 71%, which is 8% below the national average and represents a drop of 12% from 2011.

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

- The proportion of students achieving the EBac qualification (English, Maths, Science a MFL and either Geography or History) has not improved from 2011 and is significantly below the national average

	2011	2012	National (2010/11)	Difference UAB v National
% 5 A*-C inc Eng/Mat	41%	34.5%	57%	-22.5%
% 5 A*-C	83%	71%	79%	-8%
% 5 A*-G	96%	94%	94%	0%
% 1 A*-G	99%	99.5%	99%	0.5%
Capped APS (Best 8)	336	309.9	335.1	-25.2
APS	513.1	333.9	463.9	-130
EBac	1%	0%	15%	-15%

English & Maths – Headlines

English

- The proportion of students achieving a pass in GCSE English dropped by 13% from 2011 and is still significantly below the national average. The APS of 33.7 in English also represents low attainment and indicates an average of just below a Grade D at GCSE.
- 46% of students are making expected progress from KS2 to KS4. This has dropped significantly from 2011 and is 25% below the national average. This is a particular concern as the Government raises the bar further so that 4 levels of progress will become the standard by which the Academy will be measured. This will represent a significant challenge to UAB as a large number of students enter the academy below national expectations, particularly in terms of literacy skills, and will therefore have to make even greater than expected progress.

Maths

- The proportion of students achieving a pass in GCSE Maths at 51% represents an upward trend from 2011 and from both predecessor schools, although this is still significantly below the national average.
- Attainment in maths would still be deemed to be low with an APS of 32.9, which represents an average of below a Grade D at GCSE.
- The proportion of students making expected progress is also significantly below the national average.

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

	2011	2012	National	Difference UAB v National
% A*-C English	52.8%	38.1%	70.9%	-32.8%
APS English	36.4	33.7	40.6	-6.9
% 3 Levels of progress English	62%	46.4%	71%	-24.6%
% A*-C Maths	47.8%	51%	66.6%	-15.6%
APS Maths	33.4	32.9	39.4	-6.5
% 3 Levels of progress Maths	41%	48.5%	64%	-15.5%

Performance of Key Groups

- The overall performance of boys v girls is broadly similar, however girls' attainment in English is 5.7% higher than boys' and in Maths is 15.7% higher for boys
- The achievement of students on Free School Meals is below those not on Free School Meals in all respects and although this reflects the national picture, this gap remains a key area to address. The new OFSTED framework will scrutinise the achievement of FSM in greater detail in relation to Pupil Premium funding
- Although the performance of SEN students is difficult to benchmark against national indicators, the percentage of SEN students making 3 levels of progress is significantly below non-SEN students. However, this may reflect the national picture, whereby the conversion rates for lower ability students is not as high as for more able students

	SEN		NON-SEN		LAG		EAL	
	83		111		2		6	
5 A*-C	43	51.8%	93	83.8%	2	100.0%	3	50.0%
5A*-C (EM)	12	14.5%	55	49.5%	2	100.0%	1	16.7%
5A*-G	73	88.0%	108	97.3%	2	100.0%	6	100.0%
1A*-G	82	98.8%	111	100.0%	2	100.0%	6	100.0%
En A*-C	13	15.7%	61	55.0%	2	100.0%	1	16.7%
En 3 LPs	32	38.6%	58	52.3%	2	100.0%	1	16.7%
Ma A*-C	22	26.5%	77	69.4%	2	100.0%	2	33.3%
Ma 3 LPs	28	33.7%	66	59.5%	1	50.0%	3	50.0%

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Performance of Other Subjects

Despite an overall drop in the Academy's headline performance measures there remain individual areas of outstanding performance that include

- Science – continued to achieve excellent results at 89% which was especially pleasing as the number of students entered for GCSE increased this year
- Spanish results remain strong and reflect the outstanding practice observed by the HMI inspector earlier this year and buck the trend nationally of MFL results
- PE \ Sports continued to perform well, building upon the excellent practice developed through the sports specialism

Next Steps

From September 2012 and under the leadership of the new Principal, the Academy has been re-launched with one clear goal to focus relentlessly on raising standards. The strategy to take forward this aim was presented to the Board at its meeting on 11th October 2012

- Through the restructuring of the leadership team, greater capacity is being deployed to effectively monitor student progress and to drive targeted intervention strategies
- The restructuring of the pastoral system together with the creation of a dedicated Student Services Centre now provides markedly improved, immediate and responsive support
- The creation of a Year 7 Base together with its own entrance and play area gives our youngest students a safe and secure environment where they are taught for the majority of their lessons. This aids a smooth transition, boosts their confidence, and through targeted literacy and learning support this facility helps address the dip in progress that is so often experienced at the start of secondary education

These changes already made a real impact on the students, staff and parents at the Academy and look set to underpin improvements in educational achievement and aspiration for young people in 2012-13

Our close links with our sponsors, the University of Chester, Birkenhead Sixth Form College, Wirral metropolitan College and the University of Liverpool mean that we are uniquely placed to offer our students the opportunities and guidance to support them in their career planning from age 11 through to college or university and a fulfilling life beyond

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in note 1

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Performance Indicators

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

The Academy has not yet received a full Section 5 Ofsted inspection since opening and it is expected this will take place in the summer term of 2013

The Academy is also monitored through the completion and submission to the Education Funding Agency (EFA) of

- the annual Abbreviated Accounts Record
- the Financial Plan for the period 2011 to 2015
- the annual Financial Management and Governance Evaluation

Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/YPLA during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities

The Academy also receives grants for fixed assets from the DfE/YPLA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned

At 31 August 2012 the net book value of fixed assets was £746,000, including £707,000 in Assets under Construction those being the IT project awaiting completion in 2012/13. The movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy

Income totalling £9,679,000 in the year ended 31 August 2012 exceeded the expenditure of £8,246,000 by £1,433,000 before the Mersey Pension Fund actuarial loss in the year of £252,000

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

It should be noted that, as required by Financial Reporting Standard (FRS)17, the provision has been made in the financial statements for the deficit identified in the recent actuarial valuation of the Local Government Defined Benefit Pension Scheme, to which a number of support staff are members. Details of the provision are given in Note 23 to the financial statements.

The Trustees have reviewed the fund balances carried forward at 31 August 2012, together with the projected results for 2012/13 and the following four years, and confirm that it is appropriate for the financial statements to be drawn up on the going concern basis.

Reserves policy

The Trustees have decided that all unrestricted reserves will be utilised in helping the Academy achieve its objectives. The Trustees have not yet determined an appropriate level of reserves.

Principal Risks and Uncertainties

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

This is supported by a risk management training programme to raise awareness of risk throughout the Academy.

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

1 Government funding

The Academy has considerable reliance on continued government funding through the DfE and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the DfE

2 Maintain adequate funding of pension liabilities

The financial statements report the share of the support staff defined benefit pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17.

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve achievement and progress of its students at all levels. It will also ensure that the impact across the community is positive and that the Academy becomes the school of choice for students in Birkenhead.

For 2012-13 the Academy will -

- Re-structure the leadership team, ensuring that greater capacity is deployed to effectively monitor student progress and to drive targeted intervention strategies
- Re-structure the pastoral system together with the creation of a dedicated Student Services Centre to provide markedly improved, immediate and responsive support
- Create a Year 7 Base together with its own entrance and play area to give our youngest students a safe and secure environment where they are taught for the majority of their lessons
- Embed the 2011 - 2012 investment in ICT infrastructure and secure the development of specialist media and film making facilities across the curriculum

UNIVERSITY ACADEMY OF BIRKENHEAD

TRUSTEES REPORT

Year ended 31 August 2012

Basis of Preparation of Financial Statements and Accounting Policies and Practices

The financial statements have been prepared in accordance with the accounting policies set out in pages 25 to 28 and comply with the Charitable Company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005

The Trustees confirm that so far as they are aware, there is no relevant audit information of which the Academy Trust's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Academy Trust's auditors are aware of that information

The financial statement auditors, Baker Tilly UK Audit LLP has indicated its willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting

The report of the Trustees was approved by the Trustees on **13th December 2012** and signed on their behalf by



Professor D Cracknell
Chairman

UNIVERSITY ACADEMY OF BIRKENHEAD

Governance Statement Year Ended 31 August 2012

Scope of Responsibility

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

The trustees have 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 the University Academy Birkenhead and the Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

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 control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 the Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Risk and Control Framework

The Academy'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 trustees,
- regular reviews by the Finance & 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

UNIVERSITY ACADEMY OF BIRKENHEAD

Governance Statement Year Ended 31 August 2012 (cont'd)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Cllr A Brighouse a Trustee/Director, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the Board on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

The Academy has appointed McLintocks to undertake this function from September 2012.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

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

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

Approved by order of the Board of Trustees on **13th December 2012** and signed on its behalf by



Professor D Cracknell

Chairman



Geraint Parry

Accounting Officer

UNIVERSITY ACADEMY OF BIRKENHEAD

Statement on Regularity, Propriety and Compliance

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

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

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



Mr Geraint Parry
Accounting Officer

UNIVERSITY ACADEMY OF BIRKENHEAD

Statement of Trustees Responsibilities Year Ended 31 August 2012

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements until 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,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Trustees on **13th December 2012** and signed on its behalf by



Professor D Cracknell
Chairman

UNIVERSITY ACADEMY OF BIRKENHEAD

Independent Auditor's Report to the members of University Academy of Birkenhead.

Year Ended 31 August 2012

We have audited the financial statements of University Academy of Birkenhead for the year ended 31 August 2012 on pages 21 to 44. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of trustees' and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UNIVERSITY ACADEMY OF BIRKENHEAD

Independent Auditor's Report to the members of University Academy of Birkenhead.

Year Ended 31 August 2012 (cont'd)

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

ROGER DAVIES BA FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Steam Mill

Chester

CH3 5AN

Date *31st December 2012*

UNIVERSITY ACADEMY OF BIRKENHEAD

Statement of Financial Activities for the year ended 31 August 2012 (including Income and Expenditure Account & Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	12 months ending 31 August 2012 £000	8 months ending 31 August 2011 £000
Incoming resources						
Incoming resources from Generated funds						
- Voluntary income	3	-	4	944	948	206
- Activities for generating funds	4	9	-	-	9	10
- Investment Income	5	10	-	-	10	-
Incoming resources from charitable activities						
- Funding the Academy's education operations	6	-	8,523	-	8,523	6,784
Other incoming resources	7	-	189	-	189	105
Total Incoming resources		19	8,716	944	9,679	7,105
Resources expended						
Costs of Voluntary funds	8	-	4	-	4	179
Charitable activities						
- Academy's educational operations	8	19	7,813	10	7,842	6,358
- Exceptional costs	11	-	385	-	385	213
Governance costs	10	-	15	-	15	12
Transfer from LA on Conversion		-	-	-	-	1,681
Total Resources Expended		19	8,217	10	8,246	8,443
Net incoming/(outgoing) resources before transfers		-	499	934	1,433	(1,338)
Gross transfers between funds		-	-	-	-	-
Net Income/(expenditure) for the year		-	499	934	1,433	(1,388)
Other recognised gains and losses						
Actuarial (Loss)/gains on defined benefit pension schemes	23	-	(252)	-	(252)	54
Net movement in funds		-	247	934	1,181	(1,284)
Reconciliation of Funds						
Total funds brought forward as at 1 September 2011		-	(1,311)	27	(1,284)	-
Funds carried forward at 31 August 2012		-	(1,064)	961	(103)	(1,284)

UNIVERSITY ACADEMY OF BIRKENHEAD
Statement of Financial Activities for the year ended 31 August 2012 (cont'd)

(Notes for SOFA page 21)

All of the Academy's activities derived from continuing operations during the 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

UNIVERSITY ACADEMY OF BIRKENHEAD
BALANCE SHEET AS AT 31 AUGUST 2012

Charitable company number 07472190

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	15		746		27
Current assets					
Debtors	16	358		256	
Cash at bank and in hand		2,340		1,100	
		<u>2,698</u>		<u>1,356</u>	
Creditors: amounts falling due within one year	17	(1,518)		(977)	
Net current assets			1,180		379
Total Assets			<u>1,926</u>		<u>406</u>
Net assets excluding pension liability					
Pension scheme liability (support staff defined benefit scheme)	23		(2,029)		(1,690)
Net liabilities, including pension liabilities			<u>(103)</u>		<u>(1,284)</u>
- Reserves					
Funds of the Academy:					
Restricted funds					
Restricted Fixed Asset fund	18	961		27	
Restricted General fund	18	965		379	
Restricted Funds excluding Pension reserve		<u>1,926</u>		<u>406</u>	
Provision for future pensions	18	(2,029)		(1,690)	
			<u>(103)</u>		<u>(1,284)</u>
Unrestricted General funds	18		-		-
			<u>(103)</u>		<u>(1,284)</u>

The financial statements on pages 21 to 44 were approved by the Board of Trustees, and authorised for issue on **13th December 2012** and are signed on their behalf by



Professor D Cracknell
Chairman

UNIVERSITY ACADEMY OF BIRKENHEAD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

	12 Months ending 31 August 2012 £000	8 months ending 31 August 2011 £000		
Operating activities				
Net expenditure for period	1,433	(1,338)		
Depreciation (note 15)	10	9		
Capital grants from EFA & others	(944)	(206)		
Interest receivable (note 5)				
LGPS deficit provision as at 1 st January 2012 (note 23)	-	1,681		
FRS 17 pension cost less contributions payable (note 23)	2	9		
FRS 17 pension finance cost (note 23)	85	54		
(Increase) in debtors	(102)	(256)		
Increase in creditors	541	977		
Net cash inflow from operating activities	1,025	930		
Returns on investments and servicing of finance				
Interest received	-	-		
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(729)	(36)		
Capital grants from DfE	944	206		
	215	170		
Increase in bank & cash	1,240	1,100		
a) Reconciliation of Net cash Flow Movements in Net Funds				
	2012 £000	2011 £000		
Balance at 31 August 2011	1,100	-		
Net Cash Inflow	1,240	1,100		
Balance at 31 August 2012	2,340	1,100		
b) Analysis of changes in funds				
	2011 £000	Cashflows £000	Other £000	2012 £000
Cash at bank and in Hand	1,100	1,240	-	2,340

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies

1.1 Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ("SORP 2005") Accounting and Reporting by Charities, the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going Concern

The trustees assess whether the use of the going concern basis 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 on a regular basis and at each year end.

At the balance sheet date the academy had net liabilities of £ (103,000) after providing for **long term commitments** of £ 2,029,000 in respect of the non-teaching defined benefit scheme. The academy had net current assets of £ 1,180,000 at 31 August 2012.

The trustees have reviewed the fund balances at 31 August 2012 and have approved budget and cash flow forecasts for 2012/13 & future years, and consider it appropriate for the financial statements to be drawn up on the going concern basis.

1.3 Fund Accounting

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objectives of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are applied to specific capital purposes imposed by EFA/DfE and Sponsors where the asset acquired is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from EFA/DfE.

1.4 Incoming resources

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

1.4.1 Grants receivable

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

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies (cont'd)

1.4.2 Sponsorship income

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

1.4.3 Donations

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

1.4.4 Donated services and gifts in kind

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

1.4.5 Other income

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

1.5 Resources expended

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

Cost of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses

All resources expended are stated inclusive of any irrecoverable VAT

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies (cont'd)

1.6 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or the private sector, they are included in the Balance Sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Furniture and equipment	25%
Computer equipment	25%

Depreciation is calculated for the full financial year in which the asset is purchased.

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

1.7 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.

1.8 Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 PFI Agreement

The Academy occupies buildings which are owned by Liverpool City Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of the facilities management. The contract will expire in the year 2031. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's balance sheet. The revenue payment is recognised in the SOFA.

Where the Academy procures and pays for additional furniture or equipment or changes to the building, the costs are capitalised and depreciated in accordance with the tangible fixed asset policy above.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies (cont'd)

1.9 Pension Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Non-teaching members of staff are offered membership of the Local Government Pension Scheme. The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. The expected return on assets and the interest costs are shown as a net finance amount in Resources Expended. Actuarial gains and losses are recognised immediately in other gains and losses.

1.10 Enhanced Pensions

No enhanced pensions to former members of staff have been incurred by the Academy in this financial period.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

2 General Annual Grant (GAG)

Results and carry forward for the period	12 months ending 31 August 2012 £000	8 months ending 31 August 2011 £000
GAG balance brought forward from previous year	178	-
GAG allocation for current year (note 6)	7,005	5,185
Total GAG available to spend	7,183	5,185
Recurrent expenditure from GAG	(6,620)	(5,007)
Fixed assets purchased from GAG	-	-
GAG carried forward to next year	563	178
Maximum permitted GAG carry forward at end of current period (12% of allocation for current year)	(841)	(622)
GAG to surrender to DfE (12% rule breached if result is positive)	(278) (No breach)	(622) (No breach)
Use of GAG brought forward from previous period for recurrent purposes (Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current period	6,620	5,007
GAG allocation for current period	(7,005)	(5,185)
GAG allocation for previous period x 2%	(104)	-
GAG b/fwd from previous period in excess of 2%, used on recurrent expenditure in current year	(489)	(178)
(2% rule breached if result is positive)	(No breach)	(No breach)

3 Voluntary Income

	12 months ending 31 August 2012 £000	8 months ending 31 August 2011 £000
Capital grants	22	-
Capital Developed	922	-
ITC Project	-	56
DfE Formula Capital Grant	-	150
Environmental Capital Grant	-	-
Other Donations	4	-
	948	206

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

4 Activities for Generating Funds

12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
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Unrestricted Hire of Facilities income	9	10
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9	10
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5 Investment Income

12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
---	--

Bank Interest received	10	-
------------------------	----	---

10	-
----	---

6 Funding for Academy's Educational Operations

12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
---	--

DfE / EFA revenue grants

General Annual Grant (GAG) - note 2	7,005	5,185
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Start Up Grants	228	536
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Other DfE / EFA grants	403	230
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School Development Grant	-	160
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Grant Income – Restructuring	258	105
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School Sports Partnership-Momenta	141	230
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8,035	6,446
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Other Government revenue grants

SEN from LA	459	333
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Other grants	29	5
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488	338
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Other revenue Donations/Sponsorships

-	-
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Total

8,523	6,784
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7 Other Incoming Resources

12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
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Academy Trips	107	56
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Sundry Income	82	49
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189	105
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UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

8. Resources Expended

	Staff costs	Premises costs	Other costs	12 Months Ending 31 August 2012 Total £000	8 Months Ending 31 August 2011 Total £000
	£000	£000	£000	£000	£000
Costs of voluntary funds	-	-	4	4	179
Academy's educational operations					
Direct costs	4,964	-	595	5,559	4,303
Allocated support costs	736	285	1,262	2,283	2,055
	5,700	285	1,861	7,846	6,537
Governance costs including allocated support costs	-	-	15	15	12
Pension deficit transfer from LA on conversion (note 26)	-	-	-	-	1,681
Exceptional severance costs (note 11)	385	-	-	385	213
	<u>6,085</u>	<u>285</u>	<u>1,876</u>	<u>8,246</u>	<u>8,443</u>

Incoming/outgoing resources for the year include:

	12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
Operating lease costs		
Equipment	35	87
Land and buildings	387	247
Fees payable to auditor		
Re audit	15	12
	<u> </u>	<u> </u>

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

9 Charitable Activities - Academy's Educational Operations

	12 Months Ended 31 August 2012 £000	8 Months Ending 31 August 2011 £000
Direct costs		
Teaching and educational support staff costs	4,964	3,895
Educational supplies	265	219
Examination fees	123	90
Staff development	33	10
VAT	-	(76)
Other direct costs	174	165
	<u>5,559</u>	<u>4,303</u>
Allocated support costs		
Support staff costs	736	503
Uniform costs	7	7
Maintenance of premises and equipment	206	204
Cleaning	(12)	99
PFI Unitary Charge	388	247
Rents rate Htg Ltg & Water	114	191
Insurance,	41	30
Security & Transport	67	8
Catering	159	177
Bank charges	2	1
Other support costs	61	39
Prof Fees / Management Charges	431	265
School Sports Partnership - Momenta	-	230
FRS17 Finance Charge	87	54
	<u>2,287</u>	<u>2,055</u>
	<u>7,846</u>	<u>6,358</u>

10 Governance costs

	12 Months Ended 31 August 2012 £000	8 Months Ending 31 August 2011 £000
Audit fees - audit of financial statements	15	12
	<u>15</u>	<u>12</u>

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

11 Exceptional costs	12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
Restructuring costs		
Severance payments	<u>385</u>	<u>213</u>

The severance payments relate to staff who were made redundant during the year as a result of the academy restructure

12 Staff costs	12 Months Ending 31 August 2012 £000	8 Months Ending 31 August 2011 £000
Staff costs during the period were		
Wages and salaries	4,576	3,461
Social security costs	355	267
Pension costs	<u>612</u>	<u>483</u>
	5,543	4,211
Supply staff costs	<u>157</u>	<u>187</u>
	5,700	4,398
Exceptional Item – Redundancy	<u>385</u>	<u>213</u>
	<u>6,085</u>	<u>4,611</u>

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

	2012 No.	2011 No.
Charitable Activities		
Teachers	65	87
Administration and Support	59	66
Management	<u>12</u>	<u>18</u>
	136	171

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

£ 70,001 - £ 80,000	1	-
£ 80,001 - £ 90,000	1	-
£ 90,001 - £100,000	-	1
£100,001 - £110,000 ****	2	-
£120,001 - £130,000 ****	1	-
£180,001 - £190,000 ****	1	-

***** Please note these bandings include the annual equivalent salaries of three employees who covered one role within the academy. Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, employer pension contributions for these staff amounted to £28,180 (2011 £9,403, one employee)

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

13 Trustees' and Directors' remuneration and expenses

The Principal and staff Directors only receive remuneration in respect of the services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other trustees and directors did not receive any payments, or reimbursed expenses, from the Academy in respect of their roles as Trustees/Directors.

During the Financial Year the Academy paid remunerations to three separate parties who held the position of Principal at various periods throughout the year. The total amounts were -

1 £101,722	2 £64,516	3 £25,363	(2011 £76,113)
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The value of the Principal's remuneration does not include a value element for being an ex officio member of the Board.

No expenses were reimbursed to Trustees in the year (2011 nil)

14 Trustees', Directors' and Officers' Insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees, directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2m on any one claim and the cost for the year ended 31 August 2012 was £978 plus 6% Insurance Premium Tax. The cost of this insurance is included in the total insurance cost.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

15 Tangible Fixed Assets

	Assets Under Construction £000	Furniture and equipment £000	Computer equipment £000	Motor Vehicles £000	Total £000
Cost					
As at 1 September 2011	-	16	20	-	36
Additions	707	22	-	-	729
Disposals	-	-	-	-	-
At 31 August 2012	707	38	20	-	765
Depreciation					
As at 1 September 2011		4	5	-	9
Charged in year	0	5	5	-	10
Disposals		-	-	-	-
At 31 August 2012	-	9	10	-	19
Net book values					
At 31 August 2012	707	29	10	-	746
At 31 August 2011	-	12	15	-	27

Assets Under Construction are not depreciated until they are brought into use

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

16 Debtors

	2012 £000	2011 £000
Trade Debtors	23	4
Prepayments	32	11
Other debtors	1	113
Accrued Income	230	52
VAT Recoverable	72	76
	<u>358</u>	<u>256</u>

Accrued Income includes a provision for the Contribution from the EFA of £133,826 towards the Restructuring costs incurred during the year (2011 £104,852, within other debtors)

17 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	330	109
EFA - GAG VAT repayable	-	100
Other Creditors	9	1
Payroll creditors	193	229
School Sports Partnership funding	-	130
Accrued expenditure	894	364
Deferred income	92	44
	<u>1,518</u>	<u>977</u>

Accrued Expenditure includes costs relating to the IT Project totalling £484,498, which had yet to be invoiced at the year end (2011 nil)

The main components of the deferred income creditor carried forward at 31 August 2012 are -
Pupil Premium received £65,000 pending review
School Games Organiser income relating to 2012/2013 £13,883
EFA Income re rates payable 2012/2013 £11,328
Educational Visits –amounting to £2011
(2011 Pupil Premium £24,295 Educational Visit & Other funding £19,239)

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

18 Funds

	Balance as at 1 September 2011	Incoming resources	Resources expended	Gains losses & transfers	Balance at 31 August 2012
	£000	£000	£000	£000	£000
Restricted General Funds					
General Annual Grant (GAG)	178	7,005	(6,620)	-	563
Start Up Grants	201	228	(27)	-	402
Other DfE/ EFA grants	-	403	(403)	-	-
Grant Income Restructuring	-	258	(258)	-	-
School sports partnership	-	141	(141)	-	-
Other Government grants	-	488	(488)	-	-
Other income	-	189	(189)	-	-
Other Revenue	-	4	(4)	-	-
	379	8,716	(8,130)	-	965
Restricted fixed asset funds					
DfE capital grants	27	944	(10)	-	961
Capital expenditure from GAG	-	-	-	-	-
Donated fixed assets	-	-	-	-	-
	27	944	(10)	-	961
Restricted Pension reserve	(1,690)	-	(87)	(252)	(2,029)
Total restricted funds	(1,284)	9,660	(8,227)	(252)	(103)
Unrestricted General funds	-	19	(19)	-	-
Total funds	(1,284)	9,679	(8,246)	(252)	(103)

The General Annual Grant must be used for the normal running costs within the Academy. Each Academy is allowed to carry forward up to 12% of the current GAG. Of any carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy but any balance over 2% must be used for capital purposes.

Start Up grants are provided to support transitional costs for a period after an Academy opens and to cover diseconomies of scale until an Academy reaches its pupil number capacity.

The DfE capital grants are provided by the Government for specific capital projects.

A capital grant of £921,600 was received in relation to the Partnership for Schools IT project, this funding was not fully expended within the financial year and the equipment purchased was treated as assets under construction.

A Devolved Capital Grant of £22,511 was received and along with the carried forward balance of £27,000 was expended within the year on the depreciation relating fixed assets purchased and also towards the building improvements carried out over the summer holiday period.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Tangible fixed assets	-	-	746	746
Long term deposit	-	-	-	-
Current assets	-	2,483	215	2,698
Current liabilities	-	(1,518)	-	(1,518)
Pension scheme liabilities	-	(2,029)	-	(2,029)
Total Net Assets	-	(1,064)	961	(103)

20 Capital commitments

	2012 £000	2011 £000
Contracted for but not provided for in the financial statements	206	-
Authorised by Trustees but not yet contracted	-	-

The Academy have a capital commitment for the financial year 2012/13 in respect of the completion of the Partnership for Schools IT Project. The funding received for the project has been declared in note 3. The costs incurred to date relating to this Project have been capitalised as assets under construction. A proportion of works completed as at 31 August 2012 has not yet been invoiced and an amount is included within accrual of £462,900.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

21 Financial commitments - operating leases

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases, as follows

	2012 £'000 Land & Buildings PFI	2012 £'000 Equipment	2011 £'000 Land & Buildings PFI	2011 £'000 Equipment
Leases for equipment which expire				
Within one year	-	1	-	20
Within two to five years	-	-	-	-
Over five years	389	-	373	1
	389	1	373	21

The short term leases are for photocopiers and general office equipment, whilst the long term commitment relates to the PFI agreement between the academy and Wirral Borough Council. This agreement covers repairs and maintenance of both land and buildings as well as equipment and motor vehicles, utility and management charges.

22 Contingent Liabilities

Funding agreement contingency

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- the value at that time of the Academy's premises and other assets held for the purpose of the Academy, and
- the extent to which expenditure incurred in providing those assets was met by the Secretary of State under the Funding Agreement.

23 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £71,461 (2011 £ 80,628) were payable to the schemes at 31 August and are included within creditors.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

23 Pension and similar obligations (cont'd)

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

23 Pension and similar obligations (cont'd)

Local Government Pension Scheme

The Academy is one of several employing bodies within the Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefits scheme with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the scheme was at 31 March 2010. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discounted rate calculated by reference to the expected future investment returns.

The total contributions made for the year ended 31 August 2012 amounted to £ 263,000 of which employer's contributions totalled £ 196,000 and employees' contributions totalled £ 67,000. The agreed employer's contribution rate 16.8%, with employee contributions of 5.5% - 7.2%.

LGPS information is based on an actuarial update valuation based on the position as at 31 August 2012.

The amounts recognised in the Balance Sheet are as follows

	2012 £000	2011 £000
Defined benefit obligation at end of year	(2,984)	(2,376)
Present value of funded obligations	955	686
Deficit	<u>(2,029)</u>	<u>(1,690)</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £199,000.

Movements in the present value of the defined benefit obligation were as follows

	2012 £000	2011 £000
At 1 September 2011	2,376	-
Service cost	181	128
Interest cost	132	81
Past service cost	-	-
Actuarial (gains) losses	265	(98)
Member contributions	67	40
Benefits paid	(54)	-
Transfer Funds re New Academy	-	2,225
Curtailments	17	-
At 31 August 2012	<u>2,984</u>	<u>2,376</u>

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

23 Pension and similar obligations (cont'd)

Local Government Pension Scheme (cont'd)

Movements in the fair value of scheme assets are as follows:

	2012 £000	2011 £000
At 1 September 2011	686	-
Expected return	47	27
Actuarial gains (losses)	13	(44)
Contributions by employer	196	119
Member contributions	67	40
Benefits/transfers paid	(54)	-
Transfer Funds re New Academy	-	544
At 31 August 2012	<u>955</u>	<u>686</u>

The estimated value of employer contributions of the year 31 August 2013 is £199,000

Amounts recognised in the Statement of Financial activities

	2012 £000	2011 £000
Current service cost (net of employer contribution)	(2)	(9)
Past service costs	-	-
Total operating (charge)/gain	<u>(2)</u>	<u>(9)</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	47	27
Interest on pension liabilities	(132)	(81)
Pension finance income/(cost)	<u>(85)</u>	<u>(54)</u>

Other gains and losses

Actuarial gains/(losses)	(252)	54
Total (cost)/gain	<u>(339)</u>	<u>(9)</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses is recognised in the Statement of Financial Activities since the adoption of FRS17 is a £198,000 loss (2011 £54,000 gain)

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

23 Pension and similar obligations (cont'd)

Local Government Pension Scheme (cont'd)

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were

	Long Term rate of Return expected at 31 August 2012	Fair Value at 31 August 2012 £000	Long term rate of return expected at 31 August 2011	Fair Value at 31 August 2011 £000
Equities	7.0%	565	7.0%	395
Government bonds	2.5%	153	3.7%	95
Bonds	3.4%	38	4.8%	27
Property	6.0%	83	6.0%	62
Cash	0.5%	19	0.5%	16
Other	7.0%	97	7.0%	91
Total fair value of assets		955		686
Present value of scheme liabilities		(2,984)		(2,376)
Scheme deficit		(2,029)		(1,690)

The overall expected rate of return is 5.67%

The actual return on scheme assets was £59,000 (2011 (£17,000) loss)

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	3.8%	4.2%
Rate of increase in pensions	2.3%	2.7%
Discount rate for scheme liabilities	4.5%	5.3%
Inflation Assumption	2.3%	2.7%

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

	As at 31 August 2012	As at 31 August 2011
Retiring today		
Male	21.8 years	21.4 years
Female	24.6 years	24.1 years
Retiring in 20 years		
Male	23.6 years	22.8 years
Female	26.5 years	25.7 years

UNIVERSITY ACADEMY OF BIRKENHEAD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

24 Related Party Transactions

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

The Academy currently operates under a PFI agreement with Wirral Borough Council. This is a long term agreement and covers services for repairs and maintenance to the building, utility charges, cleaning, security and hire of mini buses for pupil transportation.

Payroll and other support services have also been purchased in the year from the Local authority at arm's length, on normal commercial terms.

Costs totalling £224,587 were incurred and fully paid in the year in respect of University of Chester Academy Trust (UCAT). The total costs relate to management fee charges for the year as agreed by the academy.

25 Members' Liability

Each member of the charitable company (company limited by guarantee) 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/it 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.