

OLDBURY ACADEMY
(Company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

PERIOD ENDING 31 AUGUST 2012

Company Registration No: 07672607 (England and Wales)



THURSDAY



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OLDBURY ACADEMY
(Company limited by guarantee)

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Reference and Administrative Details

Academy Trustees

S A Harvey (Chairperson) *	(appointed 16 April 2012)
N Gnggs (Deputy Chairperson) *	(appointed 16 June 2011)
J A Martin (Headteacher and Accounting Officer)	(appointed 16 April 2012)
J Wyer *	(appointed 16 June 2011)
P Shackleton (Staff Governor)	(appointed 16 June 2011)

Academy Board Members

As per above trustees and,
L Moore (Staff Governor)
C A Moreton (not a Governor, Senior Management)
M Jones (not a Governor, Senior Management)

Other Governors

G Hunjan (Responsible Officer)
J Gowing
M Phillips *
A Carter (Staff Governor)
M Parsons
J Porter (Staff Governor)
D Walker
A. Hughes
J Hickman
B Foote
A Tripney *
M Brown
P Davies * (Staff Governor)

* members of the Finance and Audit Committee

Company Secretary	J Phillips	(appointed 16 June 2011)
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Senior Management Team

Headteacher	J A Martin
Deputy Headteacher	P Shackleton
Deputy Headteacher	L F Moore
Deputy Headteacher	C A Moreton
Deputy Headteacher	M Jones
Assistant Headteacher	P Davis
Assistant Headteacher	N Cox
Assistant Headteacher	P Dryburgh
Assistant Headteacher	D Burgoyne
Assistant Headteacher	N Wilson
Director of Finance and Administration	J Fitzmaurice
Risk Assessment	A Burn

Principal and Registered Office

Pound Road
Oldbury
West Midlands
B68 8NE

Company Registration Number

07672607 (England and Wales)

Auditors

Clement Keys LLP
No 8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

Bankers

The Co-operative Bank Plc
1 Balloon Street
Manchester
M60 4EP

Solicitors

Winkworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

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Governors' Report
31 August 2012

The governors present their first annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012

Structure, Governance and Management

Constitution

Oldbury Academy is a company limited by guarantee, incorporated on 16 June 2011, as a company limited by guarantee (registration no 07672607) and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The Academy Trustees (as detailed on page 2) act as the trustees for the charitable activities of Oldbury Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Oldbury Academy.

Details of the governors who served throughout the year (except as noted) are included in the Reference and Administrative Details on page 2.

All Governors serve a four year term and are elected as per the Articles of Association. The current sub-committees are Curriculum, Premises, Staffing, Finance and Audit, Sports & Applied Learning. All Committees meet a minimum of once a term with the Full Governing Body, Staffing Committee and Finance and Audit Committee meeting more frequently as required.

Members' Liability

Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up if they are a member, or within one year after they cease to be a member, such amounts as may be required, not to exceed £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

The Academy maintains Governors and Officers liability insurance which gives appropriate cover for any action against the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of duty of which they may be guilty in relation to the Academy. Such indemnity will not apply to any act or omission which the governors knew to be in breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of duty or not nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the academy trust.

Principal Activities

The Academy Trust's principal activity and object as set out in its Articles of Association is to advance for the public benefit education in the United Kingdom. In particular, but without prejudice to the generality of the foregoing, by establishing, managing and developing a school offering a broad and balanced education to all students.

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Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the governors who are elected (and co-opted) under the terms of the Academy Deed. The Governors are Directors of the charitable company for the purposes of the companies Act 2006 and Trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years save that this time limit shall not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be reappointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Governors

Governors have adopted an induction procedure/policy which is circulated to all new governors on appointment. This is then regularly reviewed by the most recently appointed Governors to assess the appropriateness of the policy and adopt any suggested amendments. Further training is offered to the whole governing body on various issues (along with a Local Authority optional training package currently being purchased). More experienced governors act as mentors to assist where relevant.

Organisation Structure

The Headteacher leads a Senior Management Team of four Deputy Headteachers and five Assistant Headteachers. The Leadership Team is responsible for all day to day decisions and the routine management of the school whilst the Governors are responsible for the strategic vision of the school and its general aims and objectives. The two groups however are interdependent and work closely together to formulate expenditure, decisions and objectives through the School Improvement Plan. Members of the two groups have a further role in the audit, progress and development cycle.

Risk Management

Oldbury Academy adheres to best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated.

The Governing Body is responsible for overseeing the development and implementation of the risk management strategy. The academy's Senior Leadership Team (SLT) has responsibility for co-ordinating risk management activity across the academy.

The risk assessment process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors. Any risks requiring controls are recorded in a risk register and the actions required to produce an acceptable level of risk are identified and documented. Clear responsibilities are allocated to these actions along with a deadline for the action to be completed and a scheduled date for review.

A final version of the register is circulated to all senior members of the academy so that they are aware of the risks and the controls in place to limit exposure to risk.

The risk register will be reviewed regularly by SLT and the Governing body to ensure that risks are identified and that appropriate controls and responses are in place.

The Headteacher and SLT are responsible for championing risk assessment across the Academy and for reinforcing risk-aware attitudes and responses.

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Connected Organisations, included Related Party Relationships

The Academy presently has a minor collaborative arrangement with a school from a neighbouring Borough. Presently four members of staff are seconded for varying periods during the week. The Academy is hoping to expand its collaborative works.

Objectives and Activities

Objects and Aims

The Academy Trust's object is specifically restricted to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Objectives, Strategies and Activities

The objectives are clearly identified through the School Improvement Plan. This plan is a product of detailed planning and research and collaboration across all stakeholders. The plan identifies actions, impacts and those responsible for delivery, alongside costings and completion dates. Importantly, the strategy for achieving goals is also stated.

The activities of the school can be classified into four main areas. Each of these areas provides a focus for self-evaluation and the School Improvement Plan.

- Behaviour and Safety of pupils at the school,
- Achievement of pupils at the school,
- Quality of the leadership in and management of the school, and
- Quality of the teaching in the school

Charitable Activities

A number of fund-raising activities are held annually. Our student voice often decides upon the chosen charity and students and staff alike are responsible for deciding upon activities. Several hundred pounds are raised throughout each year. Previous beneficiaries have been:

- Chernobyl,
- Local Hospice,
- Cancer research, and
- Macmillan Nurses

Public Benefit

The Governors have reviewed the public benefit guidance published by the Charity Commission and although the Academy is not a fee-charging organisation it nevertheless endeavours to ensure all pupils have access to the wider opportunities available through the school. A bursary scheme operates to provide additional support to pupils up to a limit of:

- Year 7 £220
- Year 8 – 11 £160

The partnership with a high school in a neighbouring Borough, links with local primary schools and its work with the West Bromwich Albion Foundation also contribute to the public benefit element of the Academy's improvement plan.

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Achievements and Performance

Our first (year) as an Academy, although challenging, has seen us continue our upward trend in academic achievement with 90% of students gaining 5 A*- C (87% 2010/11) and 61% including English and Maths (58% 2010/11) 99% of our students gained at least one qualification

Our Sixth Form also saw a small improvement with 75% pass rate at AS and 96% pass rate at A level

Attendance also saw a minor improvement with overall 92.4% Governors have set a target for 2012/13 at an aspirational 95%

Our £20 million rebuild/refurbishment is almost complete and the whole site will be open and operational for students to enter on 8 January 2013 as we move all students to the single site

Going Concern

After making appropriate enquiries, the governing body has 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 Statement of Accounting Policies.

Key Financial Performance Indicators

Type	Budget %	Outturn %
GAG Income	73.55	69.57
Other Income*	26.45	30.43
Staffing (salary)	68.73	69.55
Other Expenditure **	31.27	30.45
Pupil Numbers	1,611	
Income Per Pupil	£4,891	less c/fwd revenue figure (£6,370 c/fwd included)
Spend Per Pupil	£4,803	
Staffing Numbers	216	
Average spend per Employee	£35,823	

*This information does not include the donation of land and buildings from the Local Authority

** This information does not include the LGPS figures and also the depreciation of the building from the Local Authority

Comparison to previous years cannot be stated as this is the first set of accounts. In addition, the company has only been operational since 1 December 2011 and therefore the figures only reflect 9 months of activity.

Financial Review

Most of the Academy's income is obtained from the EFA (Education Funding Agency) in the form of a recurrent grant which is restricted to particular purpose as per the Articles of Association. The grants received from the EFA during the period 1 December 2011 to 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grant funding from the L.A. for SEN and an allowance for a split site operation. This funding is due to terminate once the school is established on one site, however currently this should continue for a period of four years after this date (previously agreed by L.A. under discussions re BSF).

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As this is the first year of operating as an academy there was also available to the Academy a set-up grant of £25,000 for the costs in relation to setting up the Academy, Company and Charity

The Academy received a donation from the Local Authority for the Lease of Land and Buildings for the sites that it currently occupies. There is also a deficit on the Local Government Pension scheme that the Academy has taken on.

Oldbury Academy previously Oldbury College of Sport, had balances of £2,382,373 Revenue and £338,887 Capital that the Local Authority have forwarded to the Academy in line with government guidelines.

The Academy has received capital grants from EFA to be spent on Fixed Assets. In accordance with the 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 assets concerned.

During the 9 month period ended 31 August 2012, total expenditure of £9,765,559 was covered by recurrent grant funding from the EFA together with other income resources generated by the Academy which was £36,513,048. The excess of income over expenditure for the period was £26,747,489 (this includes the donation from the Local Authority of Leased Land and Building).

As at the 31 August 2012 the net book value of fixed assets was £25,736,088 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

As at 31 August 2012 the current deficit on the Local Government Pension Scheme amounted to £2,046,000.

Financial and Risk Management Objectives and Policies

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess the risks that the school faces, especially in the operational area (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) and internal financial controls (see below) in order to minimise risk.

Where financial risks still remain, the Academy has ensured it has adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Principal Risks and Uncertainties

The Academy has drawn up a strategic risk register and this has been categorised so that higher level risks are prioritised. Policies have been drawn up and implemented to mitigate/reduce these risks. Annually the strategic risk register will be reviewed, updated and managed by the Academy.

Some of the key issues for the Academy are the deficit on the non-teaching pension scheme and also the effect of Building Schools for the Future in terms of the Facilities Maintenance and ICT contracts that will be fully operational within Spring Term 2013.

The governors are aware that the following risks could have serious consequences to the Academy:

- Failure to successfully recruit and retain pupils, both in mainstream school but also in sixth form
- Changes to Government policies on Education Funding, and
- Split site funding being terminated earlier than anticipated

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Reserves Policy

The governors have reviewed the Academy's reserves levels throughout the period. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the level of reserves.

The governors have not formally approved a Reserve Policy at the time of this report but will be doing so. The fundament behind this is that until the school have fully implemented the BSF initiative of being on one site and the transfer of staff under TUPE regulations for Facilities Management and ICT have been fully implemented the Academy are uncertain in terms of its full financial commitment. The Academy has been operating on a split site arrangement for a number of years and therefore the staffing levels and operational costs have been excessive. Additional funding has been given to the school by the Local Authority to support this however this funding is due to be reduced over time and then discontinued. The school's reserves have been built up to support the school in the reduction of its commitments and therefore in the foreseeable future its reserve will be used to support the anticipated overspend in year whilst the Governors implement cost saving measures over a period of time.

As at 31 August 2012, the Academy's Unrestricted Reserves were £2,389,259, at the point of this report being approved the only known commitment for this reserve is the anticipated in-year deficit for 2012/13. The Governors have also earmarked funding towards a proposed expansion of the Fitness Suite, improved changing facilities and increased social space by relocation of the cage to an unusable grassy surface. A donation for cost of art work in recognition of the new school has been agreed. The Restricted Reserves were (£1,909,708) this figure includes the LGPS deficit previously mentioned. The governors have also set aside funds for Fixed Assets which are not included in this figure and are shown in the Fixed Asset Fund in the Statement of Financial Activities.

Investment Policy

As at 31 August 2012, the Academy did not have an Investment Policy and therefore had no investments. Subsequent approval of investment accounts have been agreed and will be implemented in Spring Term 2013 with a long term, short term and instant investments for the cash reserves of the Academy.

Plans for Future Periods

The School Improvement Plan identifies our short and medium term objectives and in summary these are

- 1) Behaviour and Safety,
- 2) Achievement,
- 3) Leadership and Management,
- 4) Teaching and Learning, and
- 5) Issues from the last inspection

Within each key area there are a number of priorities and action points

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Auditors

In so far as the governors are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The governors 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

The auditors, Clement Keys LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006 at the forthcoming Full Governors meeting in the Spring Term 2013

Approved by order of the members of the governing body on the 3 December 2012 and signed on its behalf by



S A Harvey
Chair of Governors

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Governance Statement
31 August 2012

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Oldbury 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 governing body has delegated the day-to-day responsibility to the Head Teacher, 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 Oldbury Academy and the Secretary of State for Education. The Head Teacher and Finance director are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Full Governing Body has formally met 5 times during the period. With sub-committees meeting a further 21 times during the period. Attendance during the year at meetings of the governing body was as follows:

Governor attendance at meetings from 1 December 2011 – 31 August 2012

Full governors	Meetings Attended	Out of a possible
Sally Harvey	6	6
Nick Griggs	6	6
Jane Gowing	6	6
Melvyn Phillips	6	6
Janet Wyer	6	6
Alison Carter	6	6
Maggie Parsons	5	6
John Martin	6	6
James Porter	1	6
Pete Davis	5	6
Leigh Moore	5	6
Gianjeet Hunjan	5	6
Dave Walker	5	6
Angela Hughes	6	6
Julie Hickman	5	6
Barbara Foote	5	6
Allison Tripney	5	6
Maureen Brown	3	6

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Staffing	Meetings Attended	Out of a possible
Janet Wyer	6	6
Dave Walker	5	6
Sally Harvey	6	6
Nick Griggs	4	6
Jayne Gowing	6	6
Angela Hughes	5	6
John Martin	5	6
Sports & Applied Learning		
Dave Walker	2	3
Alison Carter	2	3
Melvyn Phillips	3	3
Maggie Parsons	3	3
Gianjeet Hunjan	3	3
Maureen Brown	2	3
Julie Hickman	1	3
John Martin	3	3
Sally Harvey	3	3
Premises & Health & Safety		
Melvyn Phillips	3	3
Maureen Brown	0	3
Alison Carter	3	3
Leigh Moore	2	3
James Porter	1	3
Barbara Foote	1	3
John Martin	3	3
Sally Harvey	3	3
Curriculum		
Maggie Parsons	1	3
Janet Wyer	3	3
Dave Walker	2	3
Nick Griggs	3	3
Leigh Moore	2	3
Julie Hickman	1	3
John Martin	3	3
Sally Harvey	3	3
Academy Trust		
John Martin	5	5
Sally Harvey	5	5
Phil Shackleton	5	5
Janet Wyer	5	5
Martyn Jones	5	5
Craig Moreton	4	5
Nick Griggs	4	5

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The Finance & Audit Committee is a sub-committee of the main governing body. This committee (previously Finance committee) was revised and the remit reviewed at FGB meeting (1 May 2012) to include the previous Finance committee remit and the newly required Audit committee remit, its purpose is to review the effectiveness of the Academies corporate governance arrangements, financial systems, internal control environment and risk management arrangements. All matters appertaining to the remit and terms of reference for this committee have been discussed, recorded and reported upon, in line with the Academies normal governance arrangements. Significantly this committee made recommendations for the approval of external auditors and the reporting officer to the FGB. Other matters outside the norm which have been dealt with, within the reported timescale are various legal issues requiring costly expert advice, some of which remains unsolved and on-going.

Attendance at meetings in the year was as follows

Governor	Meetings Attended	Out of a possible
Sally Harvey	6	6
Nicolas Griggs	5	6
John Martin	6	6
Janet Wyer	6	6
Pete Davis	5	6
Alison Tripney	1	2

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 risks 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 on-going 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 effectively and economically. The system of internal control has been in place in Oldbury Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This progress is regularly reviewed by the governing body.

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

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Governance Statement
31 August 2012

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- Regular reviews by the Finance 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, and
- Identification and management of risks

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mrs G Hunjan, a Governor (not a member of the Finance & Audit Committee), as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO will report to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. Although preliminary meetings have taken place, the first review which was due to be reported in November 2012, has not been completed. However, this is due to be completed in January and reported to the Governing Body in Spring Term 2013.

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, and
- The work of the executive managers within the academy trust 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 3 December 2012 and signed on its behalf by



S A Harvey
Chair of Governors



J A Martin
Accounting Officer

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Statement on Regularity, Propriety and Compliance
31 August 2012

As Accounting Officer of Oldbury Academy 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 of funding non-compliance have been discovered to date.

A handwritten signature in black ink, appearing to be 'J A Martin', written in a cursive style.

J A Martin
Accounting Officer

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Statement of Governors' Responsibilities
31 August 2012

The governors (who act as trustees for charitable activities of Oldbury Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make judgements and accounting 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 Governors 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 Governors 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 Governors 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 Governing Body on 3 December 2012 and signed on its behalf by



S A Harvey
Chair of Governors

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**Report of the Independent Auditors to the Members of
Oldbury Academy**

We have audited the financial statements of Oldbury Academy for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Academy Trust's members those matters we are required to state to them in an auditors' 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 Academy Trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 15, the Governors (who are also the directors of the Academy Trust 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In forming our opinion, we have considered the disclosures made in note 10 to the financial statements concerning the non-compliance with the requirement of the Statement of Recommended Practice – "Accounting and Reporting by Charities" issued in March 2005 and the non-compliance with the requirement of the Accounts Direction 2011/12 issued by the Education Funding Agency in respect of disclosure of remuneration paid to individual staff governors. We consider that the absence of this disclosure should be drawn to your attention but our opinion is not qualified in this respect.

In our opinion the financial statements

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice except for the non-compliance in respect of governors' remuneration disclosure, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency, except for the non-compliance in respect of governors' remuneration disclosure.

OLDBURY ACADEMY
(Company limited by guarantee)

Report of the Independent Auditors to the Members of
Oldbury Academy (continued)

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 Governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

In relation to the disclosure of Governors' remuneration required by the Statement of Recommended Practice – "Accounting and Reporting by Charities" issued in March 2005 and the Accounts Direction 2011/12 issued by the Education Funding Agency, we draw your attention to our opinion on page 16 and note 10 to the financial statements



Simon Atkins FCA
Senior Statutory Auditor
for and on behalf of

CLEMENT KEYS LLP
Chartered Accountants
Statutory Auditors

No 8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

15 February 2013

OLDBURY ACADEMY
(Company limited by guarantee)

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

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Oldbury Academy during the period 1 December 2011 to 31 August 2012 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 Oldbury Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Oldbury Academy and the EFA those matters we are required to state to it 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 Oldbury Academy and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Oldbury Academy's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Oldbury Academy's funding agreement with the Secretary of State for Education dated June 2011 and the Academies Financial Handbook as published by DfE in 2006, 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 2011/12. 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 December 2011 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

Our engagement includes an examination on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure

OLDBURY ACADEMY
(Company limited by guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to
Oldbury Academy and the Education Funding Agency (continued)**

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 December 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

A handwritten signature in black ink that reads "Clement Keys" followed by a stylized "LLP" and a horizontal line.

CLEMENT KEYS LLP
Chartered Accountants
Statutory Auditors

No. 8 Calthorpe Road
Birmingham
B15 1QT

15 February 2013

OLDBURY ACADEMY
(Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
for the period ended 31 August 2012

(including an Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2012 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	12,749	-	-	12,749
Voluntary income - transfer on Academy conversion	28	2,242,957	139,416	26,169,933	28,552,306
Activities for generating funds	3	487,523	222,535	-	710,058
Investment income	4	-	50,000	-	50,000
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	5	-	7,156,378	31,557	7,187,935
Total incoming resources		<u>2,743,229</u>	<u>7,568,329</u>	<u>26,201,490</u>	<u>36,513,048</u>
Resources expended					
<i>Cost of generating funds</i>					
Costs of generating voluntary income	6	8,414	-	-	8,414
Other resources expended - transfer on Academy conversion	28	-	1,790,000	-	1,790,000
Fundraising activities	6	263,237	222,535	-	485,772
<i>Charitable activities</i>					
Academy's educational operations	7	82,319	7,217,303	146,552	7,446,174
<i>Governance costs</i>	8	-	35,199	-	35,199
Total resources expended		<u>353,970</u>	<u>9,265,037</u>	<u>146,552</u>	<u>9,765,559</u>
Net incoming/(outgoing) resources being net income/(expenditure) before transfers		<u>2,389,259</u>	<u>(1,696,708)</u>	<u>26,054,938</u>	<u>26,747,489</u>
Gross transfers between funds	15	-	(51,594)	51,594	-
Net incoming/(outgoing) resources being net income/(expenditure) before other recognised gains and losses		<u>2,389,259</u>	<u>(1,748,302)</u>	<u>26,106,532</u>	<u>26,747,489</u>
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	15,26	-	(213,000)	-	(213,000)
Net movement in funds	15	<u>2,389,259</u>	<u>(1,961,302)</u>	<u>26,106,532</u>	<u>26,534,489</u>
Total funds brought forward		-	-	-	-
Funds carried forward at 31 August 2012		<u>2,389,259</u>	<u>(1,961,302)</u>	<u>26,106,532</u>	<u>26,534,489</u>

All of the academy trust's activities derive from acquisitions in the current period

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

OLDBURY ACADEMY
(Company limited by guarantee)
CHARITABLE COMPANY BALANCE SHEET
as at 31 August 2012
Company Registration No: 07672607

		£	2012	£
	Note			
Fixed assets				
Tangible fixed assets	12	25,736,088		
				25,736,088
Current assets				
Stock		2,189		
Debtors	13	386,289		
Cash at bank and in hand		3,486,800		
		3,875,278		
Creditors amounts falling due within one year	14	(1,030,877)		
Net current assets				2,844,401
Total assets less current liabilities excluding pension liability				28,580,489
Pension scheme liability	26			(2,046,000)
Net assets including pension liability				26,534,489
Funds of the academy trust				
Restricted funds				
General funds	15	84,698		
Fixed asset fund	15	26,106,532		
Pension scheme reserve	15	(2,046,000)		
				24,145,230
Unrestricted funds				
General fund	15	2,389,259		
				2,389,259
				26,534,489

The financial statements on pages 20 to 46 were approved by the Trustees, and authorised for issue on 3 December 2012 and are signed on their behalf by


S A Harvey
Chair of Governors

OLDBURY ACADEMY
(Company limited by guarantee)

CASHFLOW STATEMENT
for the period ended 31 August 2012

	Note	2012 £
Net cash inflow from operating activities	19	785,577
Cash transferred on conversion to an Academy Trust	20	2,721,260
Returns on investment and servicing of finance	21	-
Capital expenditure	22	(20,037)
Increase in cash	23	3,486,800

All of the cash flows are derived from acquisitions in the current financial period

Reconciliation of net cash flow to movement in net funds

Net funds at 1 December 2011	-
Increase in cash	3,486,800
Net Funds at 31 August 2012	3,486,800

OLDBURY ACADEMY
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2012

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 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.

Going Concern

The governors assess whether the use of going concern is appropriate including 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 governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Conversion to Academy

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Oldbury Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as Incoming resources/Resources Expended in the SOFA and analysed under unrestricted, restricted general funds, restricted pension and restricted fixed asset funds. Further details of the transactions are set out in note 28.

Incoming resources

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. Grants received with specific criteria of spend have been reflected in either the restricted general funds or in the case of capital (formula capital) grants, these are listed under the fixed asset fund. Any unspent grants in these areas are carried forward.

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.

Donations

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

OLDBURY ACADEMY
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2012

Other income

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

Donated services and gifts in kind

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

Resources expended

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

- **Costs 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's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

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

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

OLDBURY ACADEMY
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2012

Depreciation

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

Leasehold property	over the 125 year lease
Furniture & equipment	over 5 years
Computer equipment and software	over 3 years
Motor vehicles	over 7 5 years

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 applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term

Stock

Unsold uniforms and catering stocks are valued at the lower of cost

Taxation

The Academy 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 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 Benefits

Retirement benefits to employees of the Academy 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

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 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 26, 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

OLDBURY ACADEMY
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2012

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other funders 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 Education Funding Agency and other funders.

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

1 GENERAL ANNUAL GRANT (GAG)

	Total 2012 £
Results and carry forward for the year	
GAG brought forward from previous year	-
GAG allocation for current year	6,711,388
	<hr/>
Total GAG available to spend	6,711,388
Recurrent expenditure from GAG	(6,624,888)
Start up costs expenses from GAG	(13,892)
Fixed assets purchased from GAG	(51,594)
	<hr/>
GAG carried forward to next year	21,014
Maximum permitted GAG carry forward at end of current year	<hr/>
(12% of allocation for current year)	(805,367)
	<hr/>
GAG to surrender to DfE	(784,353)
(12% rule breached if result is positive)	<hr/>
	<hr/>
	No breach

2 VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Donations	12,749	-	12,749
	<hr/>	<hr/>	<hr/>

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £
Trade union/HASWA	-	38,857	38,857
Catering income	78,158	-	78,158
Lettings fees	78,380	-	78,380
Shop	69,473	-	69,473
Staffing initiative	-	183,678	183,678
Educational visits	109,735	-	109,735
Miscellaneous	151,777	-	151,777
	<u>487,523</u>	<u>222,535</u>	<u>710,058</u>

4 INVESTMENT INCOME

	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £
Expected return on pension scheme assets	-	50,000	50,000
	<u>-</u>	<u>50,000</u>	<u>50,000</u>

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

5 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £
EFA/DfE capital grants			
Capital Grants	-	31,557	31,557
	<hr/>	<hr/>	<hr/>
	-	31,557	31,557
	<hr/>	<hr/>	<hr/>
EFA/DfE revenue grants			
General Annual Grant (GAG) (Note1)	-	6,711,388	6,711,388
Other EFA/DfE grants	-	154,828	154,828
	<hr/>	<hr/>	<hr/>
	-	6,866,216	6,866,216
	<hr/>	<hr/>	<hr/>
Other government grants			
Local authority grants	-	11,780	11,780
Special educational projects	-	278,382	278,382
	<hr/>	<hr/>	<hr/>
	-	290,162	290,162
	<hr/>	<hr/>	<hr/>
	-	7,156,378	7,156,378
	<hr/>	<hr/>	<hr/>

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

6 RESOURCES EXPENDED

	Staff costs £	Premises £	Other costs £	2012 Total £
Costs of generating voluntary income	4,207	-	4,207	8,414
Cost of activities for generating funds				
Academy's educational operations	238,219	-	247,553	485,772
Direct costs (Note 7)	4,465,105	891	1,315,465	5,781,461
Allocated support cost (Note 7)	531,766	765,303	367,644	1,664,713
	5,235,090	766,194	1,930,662	7,931,946
Governance costs including allocated support costs (Note 8)	3,108	-	32,091	35,199
	5,242,405	766,194	1,966,960	7,975,559

The method used for the apportionment of support costs is disclosed in the accounting policies

Included within direct costs is £132,000 expenditure in relation to restricted income received from the LA on conversion

Incoming/outgoing resources for the year include:

	2012 £
Operating leases - Other	7,701
Fees payable to the Auditor – Audit	11,000
Fees payable to the Auditor – Other	-

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

7 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATION OPERATIONS

	Unrestricted 2012 £	Restricted 2012 £	Total 2012 £
Direct costs			
Teaching and education support staff costs	82,320	4,382,785	4,465,105
Recruitment and support	-	34,168	34,168
Depreciation	-	891	891
Educational visits	-	430,242	430,242
Examination fees	-	155,620	155,620
Staff Development	-	11,186	11,186
Educational consultancy	-	11,225	11,225
Other direct costs	-	673,024	673,024
	<hr/> 82,320	<hr/> 5,699,141	<hr/> 5,781,461
Allocated support costs			
Support staff costs	-	531,766	531,766
Depreciation	-	145,661	145,661
Recruitment and support	-	4,174	4,174
Maintenance of premises and equipment	-	310,731	310,731
Cleaning	-	39,741	39,741
Rent & rates	-	153,883	153,883
Insurance	-	32,505	32,505
Security and transport	-	82,782	82,782
Catering	-	6,637	6,637
Bank interest	-	3,067	3,067
LGPS Costs	-	232,000	232,000
Other support costs	-	121,766	121,766
	<hr/> -	<hr/> 1,664,713	<hr/> 1,664,713
	<hr/> <hr/> 82,320	<hr/> <hr/> 7,363,854	<hr/> <hr/> 7,446,174

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

8 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	21,091	21,091
Audit fees	-	11,000	11,000
Support staff cost	-	3,108	3,108
	<hr/>	<hr/>	<hr/>
	-	35,199	35,199
	<hr/>	<hr/>	<hr/>

9 STAFF COSTS

The average number of persons (including members of the senior management team) employed by the Academy during the period ended 31 August 2012, expressed as fulltime equivalents, was as follows

	2012 No.
<i>Charitable activities</i>	
Teachers	114
Administration and support	91
Management	11
	<hr/>
	216
	<hr/>

Staff costs during the year were:

	2012 £
Wages and salaries	4,272,542
Social security costs	328,314
Other pension costs	559,566
FRS 17 adjustment	(139,000)
	<hr/>
	5,021,422
Supply teacher costs	220,983
	<hr/>
	5,242,405
	<hr/>

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

9 STAFF COSTS - continued

Five employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2012. The total emoluments of these employees (on an annualised basis) were in the following ranges

	2012 No
£60,000 - £70,000	4
£130,001 - £140,000	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these members of staff amounted to £54,229.

10 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees.

The aggregate value of the Principal's and other staff governors' remuneration during the 9 month period fell within the following band

Principal and other staff governors	£280,000-£285,000
-------------------------------------	-------------------

(Aggregate remuneration of the Principal, three teaching staff governors and one support staff governor)

Non-compliance with paragraph 230 of Charities SORP 2005 and Accounts Direction 2011/12

Paragraph 230 of Charities SORP 2005 requires that details of remuneration paid to governors be disclosed on an individual basis. This disclosure has not been included for the following reasons

- Retention of Staff Governors – the Board of Governors agreed unanimously that the disclosure of individual remuneration of Staff Governors would risk losing the willingness of staff to put themselves forward to act as Staff Governors in the future, and
- All Staff Governor remuneration is in line with that for the appropriate school group within the current School Teachers Pay and Conditions Document

Related party transactions involving the trustees are set out in note 27

During the period, in total governors received reimbursements of £Nil for travel and subsistence

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

11 GOVERNORS' 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 £5,000,000 for any one claim. The cost of this insurance for the period ended 31 August 2012 was £2,228.

12 TANGIBLE FIXED ASSETS

	Leasehold land & building £	Motor Vehicle £	Furniture & equipment £	Computer equipment £	Total £
Cost					
At 16 June 2011	-	-	-	-	-
Transfer on conversion	25,831,046	-	-	-	25,831,046
Additions	-	23,095	26,444	2,055	51,594
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2012	25,831,046	23,095	26,444	2,055	25,882,640
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 16 June 2011	-	-	-	-	-
Charge in the period	144,871	-	1,169	512	146,552
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2012	144,871	-	1,169	512	146,552
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 August 2012	25,686,175	23,095	25,275	1,543	25,736,088
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Leasehold land and buildings have been included at the value provided by the EFA as part of the "Whole of Government Accounts" (WGA) 2011/12 return as the school had not received a valuation from the Local Authority at the point of conversion and was in a transition phase of building/refurbishment as part of the building schools for the future ("BSF") Programme. The total depreciated replacement cost for the non land element given by EFA was £24,145,181.96. The total land value given by the EFA was £1,685,864.46. The depreciation rate agreed by the governors for the non land element is 125 years based on the 125 year lease granted from the Local Authority for the building on Pound Road.

The EFA valuation was completed by DTZ on a desktop basis only using a depreciated replacement cost method.

OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 August 2012

12 TANGIBLE FIXED ASSETS (continued)

The school is part of Sandwell Metropolitan Borough Council's wave five BSF programme and this means that the school's facilities maintenance is contracted by the LEP to Interserve for a period of 25 years. Over this period the school will pay a monthly facilities management charge to Interserve which was agreed in the BSF LEP contract. The school's governors signed a Governing Body Agreement (GBA) to this effect.

The monthly/annual charges will be increased by a recognised inflation rate and cover the maintenance of the building and its contents (only new items purchased for the capital building). The contract stipulated that the building and specific contents will be in the same state of repair at the end of the twenty five year contract as on the date of the building/contents handover.

The school's ICT infrastructure was also included in the GBA but this contract was with Agilisys and is for a period of five years.

As part of this process the school's Premises and ICT staff were transferred under a TUPE agreement to each of the relevant companies and the charges made include this service.

In relation to the conversion to academy status, the governors made the decision to transfer fixtures, fittings and computer equipment at Nil value, as a valuation was not provided by the LA. This decision was also reached as the school had not been investing in its assets for a period of time due to the known factor of the BSF build.

13 DEBTORS	2012
	£
Trade debtors	92,768
Prepayments and accrued income	264,185
Other debtors	29,336
	<hr/>
	386,289
	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

14 CREDITORS. Amounts falling due within one year

	2012 £
Trade creditors	715,144
Taxation and social security	138,758
Accruals and deferred income	90,249
Other creditors	86,726
	<hr/>
	1,030,877
	<hr/>

Deferred income

	2012 £
Resources deferred in the period	90,249
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At the balance sheet date the academy trust was holding funds received in advance for SBS and LACSEG funding and also for rates relief which will be reflected in 2012/13

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NOTES TO THE FINANCIAL STATEMENTS
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15 FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes

	Balance at 16 June 2011 £	Incoming resources £	Resources expended £	Gains/(losses) and transfers £	Balance at 31 August 2012 £
Restricted general funds					
General Annual Grant (GAG)	-	6,711,388	(6,624,888)	(65,486)	21,014
Start up Grant	-	25,000	(38,892)	13,892	-
Transfer on Conversion (LA*)	-	139,416	(132,309)	-	7,107
Other DfE/EFA grants	-	129,828	(76,986)	-	52,842
Other Government Grants	-	290,162	(286,427)	-	3,735
Pension Reserve	-	50,000	(1,883,000)	(213,000)	(2,046,000)
Activities for Generating Funds	-	222,535	(222,535)	-	-
	-	7,568,329	(9,265,037)	(264,594)	(1,961,302)
Restricted fixed asset funds					
DfE/EFA capital grants	-	31,557	-	-	31,557
Transfer on Conversion (LA*)	-	25,831,046	(144,871)	-	25,686,175
Capital expenditure from GAG	-	-	(1,681)	51,594	49,913
Transfer on conversion capital grants	-	338,887	-	-	338,887
	-	26,201,490	(146,552)	51,594	26,106,532
Total restricted funds	-	33,769,819	(9,411,589)	(213,000)	24,145,230
Unrestricted funds					
Transfer on Conversion (LA*)	-	2,242,957	-	-	2,242,957
General funds	-	500,272	(353,970)	-	146,302
Total unrestricted funds	-	2,743,229	(353,970)	-	2,389,259

The balance on both the restricted general funds and the restricted fixed asset funds will be carried forward and used for the purposes intended in future periods. Several of the larger funds are described below

- (i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the 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,
- (ii) Restricted fixed assets were funded by government grants or sponsors,
- (iii) The pension reserve is the deficit in the Local Government Pension Scheme,

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NOTES TO THE FINANCIAL STATEMENTS
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16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2012 are represented by

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets	-	-	25,736,088	25,736,088
Current assets	3,420,136	84,698	370,444	3,875,278
Current liabilities	(1,030,877)	-	-	(1,030,877)
Pension scheme liability	-	(2,046,000)	-	(2,046,000)
	<u>2,389,259</u>	<u>(1,961,302)</u>	<u>26,106,532</u>	<u>26,534,489</u>

17 CAPITAL COMMITMENTS

**2012
£**

Contracted for, but not provided in the financial statements

Nil

18 FINANCIAL COMMITMENTS

OPERATING LEASES

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

	2012 £
<i>Other operating leases</i>	
Expiring within one year	2,914
Expiring within two to five years inclusive	<u>3,885</u>
	<u>6,799</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £
Net income	26,747,489
Cash impact on transfer on conversion	(2,721,260)
Capital grants from DfE and others	(25,862,603)
Depreciation	146,552
Interest receivable	-
FRS 17 pension costs less contributions payable	(12,000)
FRS 17 pension finance costs	55,000
(Increase)/decrease in debtors	(386,289)
Increase/(decrease) in creditors	1,030,877
Inherited pension scheme deficit	1,790,000
(Increase)/decrease in stocks	(2,189)
	<hr/>
Net cash inflow from operating activities	785,577
	<hr/>

20 CASH TRANSFERRED ON CONVERSION TO AN ACADEMY

	2012 £
Cash transferred on conversion (note 28)	2,721,260
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Net cash inflow from conversion	2,721,260
	<hr/>

21 RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2012 £
Interest received	-
	<hr/>
Net cash inflow from returns on investments and servicing of finance	-
	<hr/>

22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £
Purchase of tangible fixed assets	(51,594)
Capital grants from DfE and others	31,557
	<hr/>
Net cash outflow from capital expenditure	(20,037)
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OLDBURY ACADEMY
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

23 ANALYSIS OF CHANGES IN NET FUNDS

	At 16 June 2011 £	Cash flows £	At 31 August 2012 £
Cash in hand and at bank	-	3,486,800	3,486,800
	-	3,486,800	3,486,800

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the 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

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- (b) the extent to which expenditure incurred in providing those assets were met by payments by the Secretary of State under the Funding Agreement

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

As at 31 August 2012 there were 5 members of the charitable company

26 PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012.

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

26 PENSION COMMITMENTS – continued

Teachers' Pension Scheme (TPS)

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.

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

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' Pension Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 Accounts 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 to 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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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%.

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

26 PENSION COMMITMENTS – continued

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.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

West Midlands Pension Fund

The Academy is one of several employing bodies included with the West Midlands Pension Fund ("WMPF").

The WMPF is a funded defined benefit 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 total contribution made for the period ended 31 August 2012 was £184,000 of which employer's contributions totalled £139,000 and employees' contributions totalled £45,000. The agreed contribution rates for the year ended 31 August 2012 were 11.6% for employers and various depending on salary for employees. The Academy is making additional contributions of £6,116.60 per month for the period 1 September 2012 to 31 August 2014 in addition to the above employer percentage.

The following information is based upon a valuation of the fund as at 31 August 2010 carried out by a qualified independent actuary. The next actuarial valuation of the fund is due as at 31 March 2013.

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

26 PENSION COMMITMENTS – continued

West Midlands Pension Fund - continued

Principal actuarial assumptions

	At 31 August 2012	At 1 April 2011
	%	%
Rate of increase in salaries	4.05	4.75
Rate of increase in pensions	2.30	3.00
Discount rate for liabilities	4.50	5.50
RP Inflation Assumption	-	-
CP Inflation Assumption	2.3	3.00
 Further life expectancies from age 65		
Retiring today Males	22.0	21.6
Retiring today Females	24.7	24.2
Retiring in 20 years Males	23.8	23.0
Retiring in 20 years Females	26.6	25.8

The weighted average asset allocation of the scheme and the weighted average expected rate of return at the year-end were as follows

	Expected return at 31 August 2012	Fair value at 31 August 2012
	%	£'000
Equities	54.4	690
Government Bonds	9.2	117
Other Bonds	9.9	126
Property	10.1	128
Cash/Liquidity	1.6	20
Other	14.8	188
		<hr/>
Total fair value of scheme assets		1,269
Present value of scheme liabilities		(3,315)
		<hr/>
Net pension liability recognised		(2,046)
		<hr/> <hr/>

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

The actual return on the scheme assets in the year was £50,000

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

26 PENSION COMMITMENTS – continued

West Midlands Pension Fund - continued

Analysis of amount chargeable to statement of financial activities	2012 £'000
Current service cost	127
Expected return on scheme assets	(50)
Interest cost	105
	<hr/>
Total pension cost recognised in SOFA	182
	<hr/>
Amount recognised in the statement of financial activities	£'000
Actuarial gains/(losses) on pension scheme assets	25
Actuarial gains/(losses) on benefit obligations	(238)
	<hr/>
Actuarial gain/(loss) recognised in SOFA	(213)
	<hr/>
	2012 £'000
<i>Movement in deficit during the year</i>	
Deficit in the Scheme at 1 April 2011	1,790
Movement in year	
Current service cost	127
Employer contributions	(139)
Pension finance (costs)/income	105
Expected return on scheme assets	(50)
Actuarial gain/(loss)	213
	<hr/>
Deficit in the scheme at 31 August 2012	2,046
	<hr/>
<i>Change in benefit obligation</i>	
Benefit obligation at beginning of year	2,800
Current service cost	127
Interest cost	105
Member contributions	45
Actuarial (gains)/losses	238
	<hr/>
Benefit obligation at end of year	3,315
	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2012

26 PENSION COMMITMENTS – continued

West Midlands Pension Fund - continued

	2012
	£'000
<i>Change in plan assets</i>	
Fair value of plan assets at beginning of year	1,010
Expected return on plan assets	50
Actuarial gains/(losses)	25
Employer contribution	139
Member contribution	45
	<hr/>
Fair value of plan assets at end of year	1,269
	<hr/>

27 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Trust Board 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 Trust Board 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.

Foodchain Catering Ltd (Company Number 05184076) – a company in which a staff governor was a director. Total expenditure of £1,000 was spent on catering for an academy event.

Hays (Company Number 975677) – a staff governor's partner works within this organisation, during the period £16,734 has been spent on agency staff.

The Albion Foundation (Registered Charity Number 1081948) – a governor is employed by this organisation. A total of £63,810 has been spent on alternative education provision for students with this organisation.

28 CONVERSION TO AN ACADEMY TRUST

On 16 June 2011 Oldbury College of Sport converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the new academy "Oldbury Academy" from the governors' of Oldbury College of Sport for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as Incoming Resources/Resources Expended in the Statement of Financial Activities.

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28 CONVERSION TO AN ACADEMY TRUST - continued

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Fund £	Restricted Fund £	Restricted Fixed Asset Fund £	2012 Total £
Incoming Resources:				
Tangible Fixed Assets	-	338,887	25,831,046	26,169,933
Surplus Funds on conversion	2,242,957	139,416	-	2,382,373
	<hr/>	<hr/>	<hr/>	<hr/>
	2,242,957	478,303	25,831,046	28,552,306
	<hr/>	<hr/>	<hr/>	<hr/>
Resources Expended:				
LGPS Pension Liability	-	(1,790,000)	-	(1,790,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets	2,242,957	(1,311,697)	25,831,046	26,762,306
	<hr/>	<hr/>	<hr/>	<hr/>

The above net assets were represented by cash of £2,721,260 that was transferred from The Borough Council of Sandwell

Tangible Fixed assets relate to leasehold land and buildings, see note 12