

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

Registered Number 08497028 (England and Wales)

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

YEAR ENDED 31 AUGUST 2016

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BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

YEAR ENDED 31 AUGUST 2016

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Birmingham City University F Church (resigned 31 May 2016) B Makoul (appointed 1 June 2016) M Penlington
Trustees	M Penlington (Chair) C M Abbott (appointed 19 April 2016; resigned 16 September 2016) F Church (resigned 31 May 2016) L Fulford (resigned 31 August 2016) A Jones (resigned 31 March 2016) K Mattinson (Accounting Officer) H Yorke (appointed 1 October 2015) I Blair (appointed 1 June 2016) M Hopton (appointed 22 April 2016)
Company Secretary	C M Abbott (resigned 11 July 2016) K Stephenson (appointed 12 July 2016)
<u>Senior Management Team:</u> Accounting Officer Chief Finance Officer Principal, City Road Primary Academy	K Mattinson L Stamatakis J Gazeley
Company Name	Birmingham City University Academies Trust
Principal and Registered Office	Birmingham City University University House 15 Bartholomew Row Birmingham B5 5JU
Company Registration Number	08497028 (England and Wales)
Independent Auditor	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF
Bankers	Lloyds 114-116 Colmore Row Birmingham West Midlands B3 3BD
Solicitors	Mills & Reeve LLP 78-84 Colmore Row Birmingham B3 2AB

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The charitable company was incorporated on 19 April 2013 and commenced trade upon the transfer of its first Academy to the Trust on 1 July 2013. The trust continues to operate one primary academy in Birmingham at present, which has a pupil capacity of 498 and had a roll of 463 in the school census on 6th October 2016.

Structure, Governance and Management

Constitution

The Birmingham City University Academies Trust (BCUAT) is a multi-academy trust, a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academies Trust. The trustees of Birmingham City University Academies Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Birmingham City University Academies Trust (BCUAT).

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust holds Directors and Officers Indemnity Insurance to the value of £5,000,000. This will be reviewed annually.

Principal Activities

The principal activities of the charitable company are to advance, for the public benefit, education in the United Kingdom and to transform the prospects of children by providing inspirational learning experiences through excellence in teaching, teacher education, research and innovation.

Method of Recruitment and Appointment or Election of Trustees

In accordance with the charitable company's Articles of Association, the Trust shall have the following Trustees/Directors:

- a. the Chair of one of the Local Governing Bodies;
- b. a Pro-Vice Chancellor of Birmingham City University;
- c. up to 4 Trustees appointed by Birmingham City University; and
- d. a member of Birmingham City University Board of Governors nominated to the Company from time to time by the Birmingham City University Board of Governors.

The Trustees may appoint Co-opted Trustees, with recommendations being brought to a meeting of the Trust Board, but given the current size of the Trust, has not sought to do so pending further expansion.

The term of office for any Trustee shall be four years. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Trustees are provided with membership of the National Governors' Association (NGA) and offered the opportunity to attend training through the NGA as well as the local authority. All new Trustees are invited to visit the school and meet with staff/pupils. Guidance and training are provided with regard to

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (*CONTINUED*)

YEAR ENDED 31 AUGUST 2016

good governance, safeguarding, understanding school data, the role and expectations of Ofsted, financial obligations (including reference to the Academies Financial Handbook and Governance Handbook) and recruitment (where applicable).

Organisational Structure

The Board of Trustees (Directors) meets no less than three times per year and has overall responsibility and ultimate decision-making authority for all the work of the Academies Trust, including the establishment and maintenance of the Academies.

The Trustees are responsible for the general control and management of the administration of the Trust. The Board of Trustees is the accountable body for the performance of all Academies within the Trust and adheres to the three core principals of governance:

- Ensuring clarity of vision, ethos and strategic direction
- Holding the Accounting Officer, Chief Financial Officer and Principal(s) to account for the educational performance of the Academies and their pupils, and the performance management of staff
- Overseeing the financial performance of the Trust and make sure its money is well spent

The Board of Trustees is permitted to exercise all the powers on behalf of the Academies Trust and delegates to the Accounting Officer responsibility for the day to day operations of the Trust. Each Academy is governed and managed by Birmingham City University Academies Trust. The Trustees determine the level of governance functions that will be delegated and bestows specific governance responsibilities on the Local Advisory Board (LAB) to enable the running of each Academy, according to the principle of earned autonomy. The Local Advisory Board normally meets twice per term (six times per year). The Academy Principal and the Local Advisory Board are accountable to the Trust Board at all times and committed to regular reporting, which enables the Trust Board to monitor activity and progress and provide assurance as to the smooth running of the Academy.

The Board of Trustees has the right to review and adapt its governance structure at any time, which includes the removal of delegated powers.

For the Academy, an operations manual has been produced to indicate delegated powers and lines of responsibility. This is reviewed annually to ensure that adequate controls are maintained without being overly prescriptive in approach. Recognising and rewarding the increased professionalism and performance of the Academy is an important factor.

At present, the Trust sponsors one Academy (City Road Primary Academy) and the University's Head of the School of Education, who is also a Trustee, acts as Accounting Officer.

Arrangements for setting pay and remunerations of key management personnel

Trustees are not currently employed by, or receive any remuneration from the Trust. The Accounting and Chief Financial Officers are employed and remunerated by the sponsor, Birmingham City University, and do not receive any financial payments from the Trust. A donation is made to the Trust from the sponsor for the services rendered by the Chief Financial Officer.

When initially setting the Principal's pay, the Trust determine the 'head teacher group size' of each academy using the formula published in the School Teachers' Pay and Condition document. Where a Principal is appointed prior to 1 September 2014, the group size of the academy relates to a range of seven spine points on the Leadership scale. For Principals appointed with effect from or after 1 September 2014, the group size of the academy on the Leadership Pay Range is calculated by reference to its total unit score.

On appointment the Principal for each academy is normally appointed on one of the first 4 points on the seven-point range (where appointed prior to 1st September 2014), or on the starting salary for the Leadership Pay Range Group (where appointed on or after 1st September 2014). The Trust will ensure that reasons for setting the individual school range (ISR) at a given level are recorded and that the

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (*CONTINUED*)

YEAR ENDED 31 AUGUST 2016

process for the determination of each Principal's salary is fair and transparent. The Trust and the Local Advisory Board will ensure that there is no overlap of salary bands between the Principal and other leadership posts.

Progression for each Principal is subject to a review of their performance, which is assessed as part of an annual appraisal process to ensure that they have the skills and support needed to carry out their role effectively, within the context of the Trust's plan for improving educational provision and performance.

Performance objectives are set for the Principal by two members of the Board of Trustees in December of each academic year, after consultation with a suitably skilled and experienced external adviser. Performance against these objectives is monitored and discussed throughout the year in line with the Trust's Appraisal and Capability Policy. An annual appraisal review is conducted during the following autumn term by two Board of Trustee members and the external adviser. Based on the outcome of this appraisal, the panel make a recommendation for pay progression within the Leadership pay scale.

The Trust may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the Trust may decide that there should be no pay progression. The pay review process for the Principal is normally completed by the end of December each year, any salary increases awarded are backdated to 1 September.

Exceptionally, the Trust may consider a discretionary payment not exceeding 25% of the Principal's salary (if the Budget allows) for reasons not already taken into account in determining the ISR, and which may include:

- the academy is an academy causing concern
- without such additional payment BCUAT considers that the academy would have substantial difficulty filling a vacant Principal post
- without such additional payment BCUAT considers the academy would have substantial difficulty retaining the existing Principal
- the Principal is appointed as a temporary Principal of one or more additional academies

The Trust may also consider additional payments in respect of:

- additional responsibilities and activities due to, or in respect of, the provision of services by the Principal relating to the raising of educational standards to one or more additional academies

The Trust may consider an additional payment where the Principal is providing services relating to the raising of educational standards to one or more other academies e.g. as a consultant leader, academy improvement partner, local leader for education or national leader of education.

Any payment considered under this section will be temporary only.

No payment is considered where these duties have already been taken into account in other sections of the pay, appraisal and capability policies.

Related Parties and other Connected Charities and Organisations

Birmingham City University has no direct responsibility for the Trust but as one of the members, it is an interested party. None of the Trustees are remunerated for their involvement and a register of interests is maintained and available for inspection.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (*CONTINUED*)

YEAR ENDED 31 AUGUST 2016

Objectives and Activities

Objects and Aims

The object of the Trust is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them; or 16 to 19 Academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provision for pupils with Special Educational Needs.

Objectives, Strategies and Activities

The overall aims of the Trust are:

- to protect and develop the Trust's core vision for all its sponsored academies;
- to set and uphold high standards of academic performance, attainment and behaviour;
- to enhance the quality of teaching and foster continuous improvement in all its academy schools;
- to develop excellent leadership both within the Trust itself and within each of its individual academies.

The Trust also draws on the skills and expertise of its sponsor, Birmingham City University, to support enhanced teaching and improved performance by sharing excellent practice and the findings of its pedagogic research; and by developing a community of learning across its member academies.

The Trust is also responsible for ensuring the financial health of its academy schools, for safeguarding their assets and for ensuring an adequate level of investment to protect the health, safety and well-being of pupils, both currently and in the future.

This is the third year of operation for the Trust and its Academy school. Bearing in mind the speed of conversion through the fast-track validation process in 2013 and a number of changes to the government policy on academisation, the main objectives for the Trustees in the third year were to ensure the continuity of Trust and Academy operations, build on school improvement, strengthen governance, continue creating sufficient reserves to safeguard the stability of the Academy, and to ensure that it has the ability to adjust swiftly to changing financial circumstances.

In its first year of operation, the Trust developed an operations manual and a range of financial and personnel policies, and laid the foundations of its risk management and financial control environment. The second year of operation saw the development of the Trust's Risk Register, supporting the revised Risk Policy, and important strides in the development of a Business Continuity Plan for the Academy. The third year of operation has seen the Trust employ two staff members dedicated to providing financial, administrative and governance support alongside a Trust HR Consultant. The Trust has also continued to revise a number of policies and developed a set of financial regulations, governance arrangements and schemes of delegation which were approved by the Board of Trustees at the start of October 2016. A high level Trust wide business continuity plan has also been developed and is awaiting Board approval.

Investment plans have been developed for the Academy building and outdoor environment, with the installation of new toilets and outdoor fencing to create a safer environment for play. Further improvements to the outdoor environment and Academy building are planned for the fourth year of operation including; major repairs to the roof and extensive changes to the playground to create a visually stimulating environment and opportunities for outdoor learning and links with the local community. The first stage of this project was completed September 2016.

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TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Public Benefit

The Trust provides educational services to children through the operation of its Academy. The Trustees confirm that they have complied with the guidance on public benefit provided by the Charity Commission.

Strategic Report

Achievements and Performance

The results for 2014 as indicated by national testing demonstrate a need for significant improvement. Outcomes of testing in 2015 showed a marked improvement with the meeting of floor standards. A new national assessment system was introduced for 2016. Assessment without levels presented a number of challenges for staff at the School, a scenario common across the sector. Evidence prior to the external assessment indicated that standards were being at least maintained. The outcomes of the external assessment were, therefore a disappointment. Challenge remains with regard to high levels of pupil mobility. Despite the Academy focusing on addressing higher levels of consistency so that all pupils perform well under test conditions, the outcomes indicate that impact has not been consistent.

Performance and Standards 2015-16

Achievement of pupils

Early years provision

- 63% of pupils attained a Good Level of Development at the end of the EYFS, compared with 57% in 2015. This data is not yet validated.

Phonics Test

- In Year 1 72% of pupils passed the Phonics Test, compared with 78% in 2015.
- In Year 2 32% of pupils passed the Phonics Test compared with 40% in 2015.

Key Stage 1

- 79% of pupils achieved the Expected Standard in Reading.
- 38% of pupils achieved the Expected Standard in Writing.
- 54% of pupils achieved the Expected Standard in Mathematics.

Key Stage 2

- 43% of pupils achieved the Expected Standard in Reading.
- 43% of pupils achieved the Expected Standard in Writing.
- 65% of pupils achieved the Expected Standard in Mathematics.
- 46% of pupils achieved the Expected Standard in Grammar Punctuation and Spelling.
- 37% of pupils achieved the Expected Standard in Reading, Writing and Mathematics.

This data is not yet validated but indicates that the School has not met the floor standard of 65% of pupils achieving the Expected Standard in Reading, Writing and Mathematics.

The data indicates that the school has met the floor standard of achieving sufficient progress scores in Reading, Writing and Mathematics.

The results have been disappointing but reflect the challenge that all schools have faced in the newly introduced national assessment system. The data is not validated so it is not possible to make accurate judgements against national standards but the progress data suggests that the School is supporting children in making progress from the end of Key Stage 1 to the end of Key Stage 2. The School Improvement Plan in 2015/16 focused on key improvement areas to ensure that the School was judged as being Good at the next OFSTED inspection. Interventions following the publication of the results in the summer of 2016 have resulted in a review and revision of the School Improvement Plan for 2016/17 and actions to strengthen interventions to meet the needs of individual pupils have already taken place.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (*CONTINUED*)

YEAR ENDED 31 AUGUST 2016

Leadership and Management

- Responsibility for pupil progress and achievement was devolved across the Senior Leadership Team so that all teachers are more closely held to account for pupil progress.
- Senior Leaders used data to target support for pupils and staff training.
- The LAB has monitored the work of the school through whole LAB meetings and committee meetings which senior leaders have attended to present their areas of responsibility.
- Members of staff worked in focus groups supported by the BCU Masters in Teaching and Learning (MTL) programme. All groups carried out teacher enquiries and the outcomes were used to inform decisions about teaching and learning.
- Senior Leaders reported the impact of their leadership to LAB Monitoring Group in the Autumn, Spring and Summer Terms.
- First round of peer coaching was completed with Nursery and Year 4.
- Pupil Progress Meetings delegated to year group teams.
- MTL groups established and undertaking a range of research projects. These will complete their research activities by the end of the spring term and present their findings to the whole staff at the beginning of the summer term.
- Staff Handbook completed: Guidance discussed and issued to all staff re. consistency in key processes.

Quality of Teaching

- Staff recruitment and retention has been challenging and has led to inconsistency in the quality of teaching. In 2015-16, actions were taken to stabilise this and, at the start of 2016-17, all members of teaching staff are permanent school staff.
- Teaching observations, children's work reviews and progress checks indicates that the quality of teaching is improving and is now 90% + Good.
- Marking and feedback have been revised and amended in response to external training from Consultants.
- Formative and Summative assessment procedures have been reviewed in response to the Assessment Without Levels report and are now in place.
- All new guidance from the DfE regarding Statutory Assessment has been incorporated into teaching across all year groups.
- Challenging Appraisal targets for standards have been set by all class teachers
- Parent meeting documents updated and used to explain the new Curriculum and its higher expectations.
- Whole school moderation of writing has been completed and the School has taken part in external moderation.
- New Pupil Progress Meeting format has been trialled and evaluated.
- New National Curriculum tests have been ordered to supplement Teacher Assessment in end of year judgements.
- Reading and Maths tests are being used diagnostically to support learning.
- Staff have better access to a range of appropriate, high quality resources for Literacy and Maths.
- Clear structures are in place for the teaching of phonics.
- Book scrutiny has demonstrated that Talk for Writing strategies have led to clear progress within each unit.
- The standard of writing in topic and science books is improving as a result of higher expectations and shared monitoring.
- Staff are more proactive in seeking advice from SLT.
- Training time has been used to rigorously focus on ensuring consistency.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Behaviour and safety of pupils

- Clear and effective criteria have been established for pupil attitudes to learning and levels of effort. These have been shared with parents at parent meetings.
- School Council has begun consultation with pupils re. what makes a successful learner.
- New, more open ended pupil questionnaires have been implemented and evaluated, leading to improved responses relating to learning.
- Attendance rewards have been maintained – attendance is higher than in Autumn 2014 and progress to improve attendance is being maintained.
- No notice monitoring has focused on the pupil's experience, specifically those working at national expectations.

A strategic leader within the School of Education was appointed as a Trustee in October 2015 and took over as Chair of the LAB. The appointment has enabled the Trust to review the way in which it engages with the School to ensure that it supports the drive for continuing improvement. A new School Improvement Partner has been identified and appointed to work with the chair of the LAB and the Principal in 2016-17 to ensure the necessary progress and subsequent outcomes against the School Improvement Plan.

Key Performance Indicators

This is the third year of operation for the Trust and the Academy school. As already noted the progress of the School in respect of pupil outcomes has not been as rapid as the Trust would have wished. The employment of a Consultant Headteacher brought about some change in teaching and learning and in the approach to reviewing the effectiveness of the same. However it remains evident that the improvements are not embedded across all areas. This may well have been compounded by a continued relatively high staff absenteeism and the transient nature of a proportion of the pupil population. The Accounting Officer and other Senior colleagues recognise the need for additional action and the development of clear key performance indicators (KPIs) that are more effectively linked to School improvement and pupil advancement is a key priority for the early part of 2016/17. As part of the strategy to bring this about, a School Improvement Partner (SIP) has been appointed.

In respect of financial policy and practice, whilst a very strong oversight of budgets has been operated throughout the Academy Trust's period of existence, it is again recognised that an approach that sets KPI's is one that is more appropriate in the future.

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 they have adopted 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.

Financial Review

The Academy's financial period end position of £(1,518,000) comprises restricted fixed asset funds of £1,188,000, unrestricted funds of £161,000 and restricted general funds of £(2,867,000), which includes the pension deficit of (£3,105,000). The Trustees accept that the period-end deficit position is not a reflection of the Trust's operational performance, but is due to the pension liability which is a recognised factor across the sector. The pension deficit has increased by £(1,123,000) since the previous actuarial report for the year ended 31 August 2016.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Reserves Policy

The Trust's reserves policy aims to ensure that sufficient funds are retained to manage future financial risks and priorities, whilst also ensuring that the maximum resources are provided for students with the majority of funds spend during the period. However Trustees must consider both the future sustainability of the Academy and the needs of today's pupils when setting a reserves policy, as the full spend of the current funds could compromise the education of tomorrow's pupils. The reserves held will be reviewed annually to ensure that they are not excessive and do not compromise operations. The Trustees wish to build a financial contingency to contribute towards building repairs which have already been identified, to ensure the safety and well-being of staff and students and of the learning environment. The Trustees have authorised capital expenditure of £120k to improve the safety and physical educational benefit of the playground area, £28k was capitalised in 2015/16 and the remaining £92k will be capitalised during the 2016/17 financial year.

Due to accounting for the Local Government Pension Scheme (LGPS) under FRS102 the Trust is recognising a pension fund deficit of £3,105k (2015: £1,982k) based on the latest actuarial valuation of the fund. There is no immediate liability for this amount to crystallise. Any agreed cash contributions towards this pension fund deficit are built into the Academy Trust's forward budgets and cash flows. The Trustees recognise that increased pension contributions should continue to be met from the academy trust's budgeted annual income and have not set aside a further designated reserve to cover the pension liability.

The reserves of the Academy Trust excluding the fixed asset and pension reserves, amount to £399k. This consists of £161k unrestricted funds and £238k restricted funds. All funds are available for general purposes of the Academy Trust except £2k funding which has been earmarked for specific pupil support.

Investment Policy

The Trustees will consider and approve an investment policy within 2016/17, within which they will be considering their options to utilise fixed period layering of deposit accounts as offered by the current banking provider. Cash is currently held in an interest bearing current account.

Principal Risks and Uncertainties

- Political – Change in Government agenda
- Economic – Austerity measures applied to education sector
- Social – A transient population which impacts upon retention, and the cultural and educational challenges from English being the second language to most pupils.
- Building Condition - The Trust's commissioned survey indicates that a sum of some £600k may need to be spent over the next four years on the building and grounds, to bring them to a good state of repair. The Trust's ability to finance these works will be heavily dependent upon Capital Grants. A new capital bid is being developed for submission in the Autumn term of 2016.

Plans for Future Periods

The Trust continues to recognise that a priority is to establish a scale that is manageable without compromising quality or financial stability. Extensive work was undertaken in respect of the addition of two or three collocated Schools to the Trust. A thorough due diligence process concluded that the level of risk to the Trust did not justify taking the proposal to completion. The publication of the education white paper, 'Educational Excellence Everywhere (March 2016)' – with the proposal that every School becomes an Academy – and the Government consultation paper of September 2016, 'Schools that work for everyone' – with a potential policy proposal that would tie a University's ability to raise tuition fees to its sponsorship of a school or schools – means that the policy environment remains uncertain. Our considered approach, however, to expansion is that schools should be within a reasonable travelling distance from each other in order to allow for inter-school collaboration and school-to-school support.

Funds held as Custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

TRUSTEES' REPORT (*CONTINUED*)

YEAR ENDED 31 AUGUST 2016

AUDITORS

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the Trustees at a meeting on 29 November 2016 and signed on its behalf by:



M Penlington
Chair of Trustees

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2016

Scope of Responsibility

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

The Board of Trustees in 2014 appointed the incoming Head of School of Education as a Trustee of BCUAT and Accounting Officer. BCUAT has delegated to this individual responsibility for ensuring that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Birmingham City University Academies Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
M Penlington (Chair)	5	5
F Church (resigned 31 May 2016)	2	4
L Fulford (resigned 31 August 2016)	5	5
A Jones (resigned 31 March 2016)	3	3
K Mattinson	5	5
Helen Yorke (appointed 1 October 2015)	4	4
C M Abbott (appointed 19 April 2016)	0	1
M Hopton (appointed 22 April 2016)	1	1
I Blair (appointed 1 June 2016)	1	1

Governance Review

The Trust has reflected on its current governance arrangements under which one of the Trustees has assumed the role of the Accounting Officer and there is only one sub-committee, the Audit and Finance Committee, apart from the Local Advisory Board responsible for City Road Primary Academy. The change in nomenclature from the Audit Committee took place during the 2015-16 academic year. This change coincided with the appointment of a new Audit Committee Chair and subsequent changes in conduct and processes of the Committee, strengthening the already robust financial oversight that was in place.

The Trust considers the current arrangements to be appropriate given the current size of the Trust with only one sponsored academy. The Trust will review its current governance structure in the event of expansion and has already considered the nature of the arrangements that will need to be put in place. Local governance of the Academy is undertaken by a Local Advisory Board reporting to the Trust Board. Reviews in 2014/15 by both the DfE and Ofsted recommended a review of governance. Ofsted noted that governors needed to be more rigorous in their scrutiny of some areas of spending and actions taken by the academy.

In response, the Trust arranged a formal review of governance led by the National Governors Association. This took place in October 2015. The recommendations of the review have undergone careful consideration over a prolonged period of time and began to be embedded in the 2015-16 academic year.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

PERIOD ENDED 31 AUGUST 2016

Audit and Finance Committee

The Audit Committee was established in November 2014. It was agreed that it would be redesignated as the Audit and Finance Committee in June 2016 and this has been implemented for the 2016/17 academic year. The Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the audit aspects of the annual financial statements, including the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The Committee also reviews the effectiveness of the risk management, finance, control and governance arrangements of the Trust and has oversight of the management accounts and budgets. During the period, the Committee has:

- considered and approved action plans in response to External Audit's management letter following the audit of the 2015 accounts and the interim return in March 2015.
- reviewed the existing risk register and risk management policy and made appropriate updates
- undertook an internal audit review in March 2016
- provided oversight in respect of the implementation of the recommendation of the internal audit review for the Trust and the Academy

Attendance at meetings in the year was as follows:

Audit Committee Member	Meetings attended	Out of a possible
R Semple (Chair until 30.04.2016)	3	3
N Spedding (Chair from 01.05.2016)	2	2
K Edwards	4	5
M Penlington	5	5
C M Abbott	1	2

Review of Value for Money

The Accounting Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. They understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by the continued utilisation of tutors from within the University's School of Education in respect of support for both staff and pupil development, in particular through the delivery of a Masters practice based programme that is focussed around system improvement. Key leaders of learning and quality have continued to undertake specific roles to aid Academy colleagues in both the continued improvement of teaching and learning methodologies and in the post-Ofsted strategic and operational plans. University Tutors have been reappointed as Members of the Local Advisory Board. A Senior Leader within the School of Education was appointed as a Trustee of the Academy Trust and took over as Chair of the Academy LAB in October 2015. The Chair has brought to the role not only experience of leadership in Schools and Higher Education but also expertise from having worked in the National Strategies Team at the DfES. At the end of the current period under consideration, particular work has been undertaken to appoint a new School Improvement Partner and continued use has been made of a local Teaching School Alliance to support the drive for continuous improvement. An external partner was utilised to review the annual performance of the Academy Principal, again to ensure an objective assessment of current performance and to set appropriately challenging targets for the next cycle.

Whilst these interventions with and on behalf of the Academy have brought about higher levels of staff effectiveness and efficiency, the impact on pupil progress and more significantly pupil outcomes has been lower than had been anticipated. In part, this can be explained by the changed methodology deployed to calculate performance at the end of Key Stage 2. Subsequent reviews of the outcomes at

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

PERIOD ENDED 31 AUGUST 2016

the end of the academic year has resulted in some revision of judgements and, whilst improving performance remains a priority, the Trust was able to confirm that, in respect of pupil progress at Key Stage 2, the Floor Standard had been met in Reading, Writing and Mathematics. In respect of attainment at Key Stage 2 for Reading, Writing and Mathematics, the floor standard of 65% had not been met.

The Board of Trustees comprise very experienced and passionate individuals in the education sector who are able to provide appropriate direction and challenge the Academy's management team in order to enable them to perform to their outmost potential. As noted above, the Trust has been strengthened with the appointment of three new Trustees with significant governance and educational experience.

The Trust has continued to work very closely with Academy staff to review and update policies on an annual basis and to ensure that there is an appropriate level of understanding, with the necessary response, to changes in any element of Education Policy that impact upon the School, the teachers and the pupils.

The Trust has had a particular concern about the relatively high use of agency staff and the relatively high proportion of teaching assistant vis-à-vis teachers and the implication of this in respect of pupil performance. This has been carefully monitored by the Trust and, in particular, by the Chair of the LAB on behalf of the Trust. Work has been undertaken by Trust academic staff and by Trust support staff to review and develop the staffing, recruitment and retention policy. This has resulted in a reduction in the rate of staff turnover and has ensured a full teaching staff complement for the 2016/17 academic year.

The Trust continues to monitor all contracts and has sought to bring about savings for the Academy through the University's purchasing power and expertise. Planning work initiated in the previous academic year in respect of toilet refurbishment was completed. Significant work was undertaken to review the Academy external environment – playground and facilities – and a careful analysis of potential suppliers to undertake a staged redevelopment was undertaken. The work began to take place in the Summer term of 2016. More substantial structural refurbishments (roof) remains a priority and, to maximise the potential to achieve a successful funding bid to the EFA, an agreed approach to procuring a project Consultant to both design the bid and, as appropriate project manage the delivery of the work was agreed. This procurement process was successfully undertaken at the beginning of the 2016/17 academic year. The Trust remains committed to developing and enhancing practice that will be to the benefit of Academy pupils, staff and the wider Academy community. Outcomes for 2016 have been disappointing and have not reflected the improved performance that was being demonstrated, and externally verified, over the academic year. However, as noted above, results demonstrate that the Academy has at least met strands of the floor standards and has indeed outperformed a number of comparator institutions in the sub region. Challenges remain and the Trust is committed to ensuring a sustainable and successful future.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Birmingham City University Academies Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

PERIOD ENDED 31 AUGUST 2016

Capacity to Handle Risk

The Board of Trustees 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 Board of Trustees 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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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:

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

The Board of Trustees commissioned Solihull Council to perform an internal audit during 2015-16 and intends to repeat this in 2016-17 to provide assurance that risks are managed appropriately, give advice on financial matters and perform a range of checks on the Trust's financial systems.

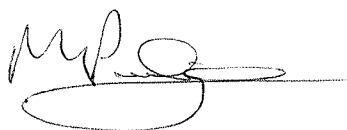
Review of Effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- 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 Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the Board of Trustees on 29 November 2016 and signed on its behalf by:



M Penlington
Chair of Trustees



K Mattinson
Accounting Officer

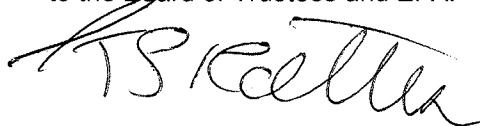
BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
PERIOD ENDED 31 AUGUST 2016

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Birmingham City University Academies Trust I have considered my responsibility to notify the Academy Trust Board of Trustees 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 Board of Trustees 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. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA.



K Mattinson
Accounting Officer

29 November 2016

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

PERIOD ENDED 31 AUGUST 2016

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Birmingham City University Academies Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the statement 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:

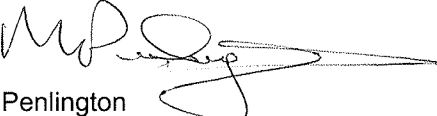
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 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 to the requirements of both propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 29 November 2016 and signed on its behalf by:


M Penlington
Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

We have audited the financial statements of Birmingham City University Academies Trust for the year ended 31 August 2016 on pages 18 to 36. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015/6 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 16, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015/6 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 and the incorporated Strategic Report for the financial year 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:

- 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



PHILIP COLEMAN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point Temple Row Birmingham
B2 5A



BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	38	-	9	47	54
Charitable activities:						
Funding for the Academy	3	17	2,422	-	2,439	2,446
Trust's educational operations						
Other trading activities	4	12	-	-	12	8
Total		67	2,422	9	2,498	2,508
Expenditure on:						
Raising funds	5	32	-	-	32	38
Charitable activities:						
Academy trust educational operations	6	-	2,530	42	2,572	2,403
Total		32	2,530	42	2,604	2,441
Net income/(expenditure)		35	(108)	(33)	(106)	67
Transfers between funds	14	-	(30)	30	-	-
Other recognised (losses):						
Actuarial losses on defined benefit pension scheme	22	-	(1,116)	-	(1,116)	(122)
Net movement in funds		35	(1,254)	(3)	(1,222)	(55)
Reconciliation of Funds						
Total funds brought forward		126	(1,613)	1,191	(296)	(241)
Total funds carried forward		161	(2,867)	1,188	(1,518)	(296)

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

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

BALANCE SHEET AS AT 31 AUGUST 2016

COMPANY NUMBER: 08497028

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	10		1,188		1,191
Current assets					
Debtors	11	89		73	
Cash at bank and in hand		496		815	
		<u>585</u>		<u>888</u>	
Liabilities					
Creditors: amounts falling due within one year	12	(186)		(393)	
Net current assets			<u>399</u>		<u>495</u>
Total assets less current liabilities and net assets excluding pension liability			<u>1,587</u>		<u>1,686</u>
Defined benefit pension scheme liability	22		<u>(3,105)</u>		<u>(1,982)</u>
Total Net Assets			<u>(1,518)</u>		<u>(296)</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	14	1,188		1,191	
Restricted income fund	14	238		369	
Pension reserve	14	<u>(3,105)</u>		<u>(1,982)</u>	
Total restricted funds			<u>(1,679)</u>		<u>(422)</u>
Unrestricted income funds	14		161		126
Total funds			<u>(1,518)</u>		<u>(296)</u>

The financial statements on pages 18 to 36 were approved by the Trustees and authorised for issue on 29 November 2016 and are signed on their behalf by:



M Penlington
Chair

The notes on pages 21 to 36 form part of these financial statements.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(289)	473
Cash flows from investing activities	19	(30)	(65)
Change in cash and cash equivalents in the reporting period		<u>(319)</u>	<u>408</u>
Cash and cash equivalents as at 1 September 2015		815	407
Cash and cash equivalents at the 31 August 2016		<u>496</u>	<u>815</u>

The notes on pages 21 to 36 form part of these financial statements.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of Accounting Policies

General information

Birmingham City University Academies Trust is a charitable company. The address of the Trust's principal place of business is given on page 1. The nature of the Academy Trust's operations are set out in the Trustees' Report.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Birmingham City University Academies Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment each year in respect of a period of one year from the date of approval of the financial statements. The Trustees have reviewed the draft budget for 2017/18 FY and a 3 year cash flow projection with sensitivity analysis spanning to 2018/19. The addition of the 3 year cash flow forecast provides greater assurance and security to the Trust Board and creates a framework by which the Board can plan ahead and take any actions required in a timely fashion.

Income

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

- **Grants**

Grant income is 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.

The General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when there is entitlement, when performance related conditions have been met and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance related conditions) and where it can be measured reliably.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of Accounting Policies (*continued*)

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable 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 accounting policies.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. 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.

- **Expenditure on Raising 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 to further its charitable aims for the benefit of its beneficiaries including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,000 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of Accounting Policies (*continued*)

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:

Freehold buildings	- 50 years
Computer equipment	- 3 years
Fixtures, fittings and equipment	- 3 to 15 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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased Assets

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

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of Accounting Policies (*continued*)

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 Part 11, chapter 3 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 Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined multi-employer benefit schemes 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 quadrennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency or the Department for Education.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of Accounting Policies (*continued*)

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
2. Donations and capital grants				
Capital Grants	-	9	9	9
Donations	38	-	38	45
	<u>38</u>	<u>9</u>	<u>47</u>	<u>54</u>

The income from donations and capital grants in 2015 was £54k of which £45k was unrestricted and £9k was restricted fixed asset funds.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
3. Funding for Academy Trust's educational operations				
DfE/EFA Grants				
General Annual Grant (GAG)	-	1,975	1,975	1,955
Other DfE/EFA Grants	-	249	249	281
	<u>-</u>	<u>2,224</u>	<u>2,224</u>	<u>2,236</u>
Other Government Grants				
Local authority grants	-	198	198	210
special educational projects	-	198	198	210
	<u>-</u>	<u>198</u>	<u>198</u>	<u>210</u>
Other income from the academy trust's educational operations	17	-	17	-
	<u>17</u>	<u>2,422</u>	<u>2,439</u>	<u>2,446</u>

The income from the Academy Trust's educational operations in 2015 was £2,446k which was all restricted.

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
4. Other Trading activities				
Hire of facilities	5	-	5	6
Catering/Other Income	7	-	7	2
	<u>12</u>	<u>-</u>	<u>12</u>	<u>8</u>

The income from other trading activities in 2015 was £8k, all of which were unrestricted funds.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

5. Expenditure

	Staff Costs	Non Pay expenditure		Total 2016	Total 2015
	£000	Premises £000	Other £000	£000	£000
Expenditure on raising funds	-	-	32	32	38
Academy's educational operations;					
Direct costs	1,573	44	106	1,723	1,656
Allocated support costs	435	126	288	849	747
	2,008	170	426	2,604	2,441

Net income/(expenditure) for the period include:

	2016 £000	2015 £000
Operating lease rentals	7	-
Net interest on defined benefit pension liability	76	70
Depreciation	42	35
Fees payable to auditor:		
Audit services – statutory audit	11	9
Audit of March 2015 comparison study	2	15
Audit of TPS	4	1
other services	1	5
	143	135

No transactions arose in relation to compensation payments, gifts made by the Trust, fixed asset losses, stock losses, cash losses, unrecoverable debts or ex-gratia payments.

6. Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct Costs - educational operations	1,723	1,656
Support costs - educational operations	849	747
	2,572	2,403
Analysis of support costs		
Support staff costs	435	427
Depreciation	-	-
Technology costs	6	10
Premises Costs	126	134
Other Support Costs	264	146
Governance Costs	18	30
	849	747

Expenditure of charitable activities was £2,572k (2015 - £2,403k) of which £42k (2015-£35k) was restricted fixed assets funds and £2,530k (2015-£2,368k) was restricted general funds.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

7. Staff Costs

Staff costs during the period were:

	2016	2015
	£000	£000
Wages and salaries	1,448	1,417
Social security costs	113	97
Operating costs of defined benefit pension schemes	275	225
	<u>1,836</u>	<u>1,739</u>
Supply staff costs	172	129
	<u>2,008</u>	<u>1,868</u>

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	2016	2015
	No.	No.
Charitable activities		
Teachers	18	18
Administration and support	31	29
Management	2	3
	<u>51</u>	<u>50</u>

during the period expressed as Head Counts was as follows:

	2016	2015
	No.	No.
Charitable activities		
Teachers	20	21
Administration and support	58	56
Management	3	3
	<u>81</u>	<u>80</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
	No.	No.
£60,001-£70,000	1	1
£70,001-£80,000	1	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance) received by key management personnel for their services to the academy trust was £83K (2015:£80K)

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

8. Related Party Transactions – Trustees' Remuneration & Expenses

The Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. There are no staff trustees.

During the period ended 31 August 2016, there were no travel and subsistence expenses reimbursed to Trustees (2015: £nil).

Other related party transactions involving the Trustees are set out in note 23.

9. Trustees and officers Insurance

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

In the previous year, in accordance with normal commercial practice, the Trust purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2015 was £4,341. The cost of this insurance was included in the total insurance cost.

10. Tangible Fixed Assets

	Freehold land & Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Total £000
Cost				
At 1 September 2015	1,177	74	5	1,256
Additions	-	28	11	39
Reclassification	-	(13)	13	-
At 31 August 2016	1,177	89	29	1,295
Depreciation				
At 1 September 2015	52	9	4	65
Charged in year	23	10	9	42
Reclassification	(1)	(2)	3	-
At 31 August 2016	74	17	16	107
Net book values				
At 31 August 2015	1,125	65	1	1,191
At 31 August 2016	1,103	72	13	1,188

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

11. Debtors

	2016	2015
	£000	£000
VAT Recoverable	46	19
Prepayments and accrued income	43	54
	<u>89</u>	<u>73</u>

12. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade Creditors	1	38
Taxation and social security	-	-
Other creditors	57	230
Accruals and deferred income	128	125
	<u>186</u>	<u>393</u>
Deferred income		
Deferred income at 1 September 2015	30	55
Released from previous years	(30)	(55)
Resources deferred in the year	34	30
Deferred income at 31 August 2016	<u>34</u>	<u>30</u>

The deferred income in 2016 was £34k, consisting of £32k prepaid 17/18 Universal Free School Meals funding and £2k prepaid 17/18 Rates Reimbursement funding

13. Financial Instruments

The Academy Trust has the following financial instruments:

	2016	2015
	£000	£000
Financial assets		
Debt instruments measured at amortised cost	26	34
	<u>26</u>	<u>34</u>
Financial liabilities		
Financial liabilities measured at amortised cost	152	219
	<u>152</u>	<u>219</u>

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

14. Funds

	Balance at 31-Aug-15 £000	Income £000	Expenditure £000	Gains, losses & transfers £000	Balance at 31-Aug-16 £000
Restricted general funds					
General Annual Grant (GAG)	361	1,975	(2,070)	(30)	236
Pupil Premium	-	168	(166)	-	2
Other DfE/EFA grants	8	81	(89)	-	-
Other restricted funds	-	198	(198)	-	-
Pension reserve	(1,982)	-	(7)	(1,116)	(3,105)
	(1,613)	2,422	(2,530)	(1,146)	(2,867)
Restricted fixed asset funds					
Assets transferred on conversion	1,117	-	(42)	-	1,075
DfE/EFA Capital grants	9	9	-	-	18
Capital expenditure from GAG	65	-	-	30	95
	1,191	9	(42)	30	1,188
Total restricted funds	(422)	2,431	(2,572)	(1,116)	(1,679)
Unrestricted funds					
Unrestricted funds	126	67	(32)	-	161
Total unrestricted funds	126	67	(32)	-	161
Total funds	(296)	2,498	(2,604)	(1,116)	(1,518)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward as at 31 August 2016.

The balance of restricted general funds (excluding pension reserve) is £238,000 and the balance on unrestricted funds is £161,000 resulting in a net surplus of £399,000 in funds. As the Trust currently has only one Academy school the current reserves are pertinent to the City Road Primary Academy's operations. These reserves offer assurance that sufficient funds are retained to manage future financial risks and priorities of the Trust.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

15. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets	-	-	1,188	1,188
Current assets	161	424	-	585
Current liabilities	-	(186)	-	(186)
Pension scheme liability	-	(3,105)	-	(3,105)
Total net assets	161	(2,867)	1,188	(1,518)

16. Capital Commitments

	2016 £000	2015 £000
Contracted for but not provided in the financial statements	89	15

17. Commitments under operating leases

At 31 August 2016 the total of the Academy Trusts future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	4	-
Amounts due between one and five years	7	-
Amounts due after five years	-	-
	11	-

18. Reconciliation of net expenditure to net cash inflow from operating activities

	2016 £000	2015 £000
Net (expenditure)/income for the reporting period (as per SOFA)	(106)	74
Adjusted for:		
Depreciation (note 10)	42	35
Capital grants from DfE and other capital income	(9)	(9)
Defined benefit pension scheme cost less contributions payable (note 22)	(68)	41
Defined benefit pension scheme finance cost (note 22)	75	70
(Increase)/decrease in debtors	(16)	42
Increase/(decrease) in creditors	(207)	227
Net cash provided by/(used in) Operating Activities	(289)	480

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

19. Cash flows from investing activities

	2016	2015
	£000	£000
Purchase of tangible fixed assets	(39)	(74)
Capital grants from DfE/EFA	9	9
Net cash (used in) investing activities	(30)	(65)

20. Analysis of cash and cash equivalents

	2016	2015
	£000	£000
Cash in hand and at bank	496	815
Total cash and cash equivalents	496	815

21. 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 period 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.

22. Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

Valuation of the Teachers' Pensions Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £112k (2015: £100k).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as if it were a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £265k (2015:£99K), of which employer's contributions totalled £230k (2015:£68k) and employees' contribution totalled £35k (2015:£31K). The agreed contribution rates for future periods are 12.8 per cent for employers and 8.5 per cent for employees. Furthermore, deficit lump sum payments of £75,200 are required for 2016/17.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 Aug 16	At 31 Aug 15
Rate of increase in salaries	3.75%	4.15%
Rate of increase in pensions in payment/inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

The assumed life expectations on retirement age 65 are:

	At 31 Aug 16	At 31 Aug 15
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.8	25.6
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28.0

The academy trust's share of the assets in the scheme:

	Fair value at 31-Aug-16	Fair value at 31- Aug-15
Equity Instruments	508	287
Debt instruments	132	83
Property	68	41
Other	147	68
Total fair value of assets	855	479

The actual return on scheme assets was £111,000 (2015 - £19,000).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost	162	109
Net interest cost	75	70
Total operating charge	237	179

Changes in the present value of defined benefit obligation were are follows:

	2016 £000	2015 £000
At 1 September	2,461	2,116
Current service cost	162	109
Interest cost	99	87
Employee contributions	35	31
Actuarial loss	1,204	124
Benefits paid	(1)	(6)
At 31 August	3,960	2,461

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

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

	2016	2015
	£000	£000
At 1st Sept	479	367
Interest Income	24	17
Return on plan assets (excl net interest on the net defined pension liabilities)	88	2
Employer contributions	230	68
Employee contributions	35	31
Benefits paid	(1)	(6)
At 31 August	855	479

The estimated value of employer contributions for the year ended 31 August 2017 is £167,000

23. Related Party Transactions

During the period the Trust received extensive support from its sponsor, Birmingham City University (BCU). This support consisted of:

- Direct support relating to management and administration, including the services of the Trust's CFO, Estates department, CICT, Secretariat and Procurement. This support was not charged for but has been estimated at a cost of £20k and voluntary income and operational expenditure has been recognised in relation to these services in kind;
- Ad hoc support for projects in relation to education improvement services and marketing. It has not been possible to estimate the value of these services.

The Trust is grateful for the continued support from BCU.

Key management personnel disclosure is included in note 7.

24. First time adoption of FRS 102 and the Charities SORP 2015

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		74
Change in recognition of LGPS interest cost	A	(7)
Net movement in funds reported under FRS 102		67

There was no change in total funds as at the transition date or as at the comparative balance sheet date.

A - change in recognition of LGPS interest cost.

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £7,000 and increase the debit in other recognised gains and losses in the SOFA by an equivalent amount.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 August 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Birmingham City University Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Birmingham City University Academies Trust and the EFA in accordance with the terms of our engagement letter dated 21 August 2015. Our work has been undertaken so that we might state to the Birmingham City University Academies Trust and the EFA those matters we are required to state 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 the Birmingham City University Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Birmingham City University Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Birmingham City University Academies Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2015, 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 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions.

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



RSM UK AUDIT LLP

Chartered Accountants

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Date: 7 December 2016