

THE EMMANUEL SCHOOLS FOUNDATION

Report and Consolidated Accounts

31 August 2007

Company registration number
4464331

Charity registration number
1093739

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THE EMMANUEL SCHOOLS FOUNDATION
Report and Consolidated Accounts
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THE EMMANUEL SCHOOLS FOUNDATION
Charity Information

Company number	4464331
Charity number	1093739
Trustees	John Burn OBE David Vardy Lady Margaret Vardy Sir Peter Vardy (Chairman) Richard Vardy
Secretary	Patricia Rowland
Auditors	Kinnair and Company Aston House Redburn Road Newcastle Upon Tyne NE5 1NB
Solicitors	Dickinson Dees St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB Eversheds LLP Central Square South Orchard Street Newcastle Upon Tyne NE1 3XX
Bankers	Barclays Bank plc 71 Grey Street Newcastle Upon Tyne NE99 1JA
Registered office	Venture House Ayckley Heads Durham DH1 5TS

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' Report

The trustees, who act as directors for the purposes of company law, present their report and accounts for the year ended 31 August 2007. These are prepared in accordance with applicable accounting standards, the recommendations of Statement of Recommended Practice Accounting and Reporting by Charities, and the Companies Act 1985.

Reference and administrative details

The Emmanuel Schools Foundation (ESF, The Foundation) is a company limited by guarantee (registered number 4464331) and a registered charity.

As a company limited by guarantee, the Foundation does not have share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

The Foundation is registered with the Charity Commission as a main charity (registered number 1093739) with four registered subsidiary charities, Emmanuel College, The King's Academy, Trinity Academy and Bede Academy. The registered office of the charity is shown on page 1.

The charity also holds directly all of the issued share capital in EC Educational Services Limited and, through Bede Academy, controls Bede Academy (Project Management) Limited, both of which are trading companies that provide design and building services and educational consultancy during the initial development of the academies.

Structure, governance and management

The relevant governing documents of the Foundation are its Memorandum and Articles of Association dated 19 June 2002.

The governing body of the charity is the board of trustees, which currently comprises 5 members. The trustees who acted during the year and up to the date of this report are shown on page 1.

Trustees are appointed initially by the board of The Vardy Foundation and may serve for four years. Retiring trustees are eligible for re-election at the meeting at which they retire.

All new trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. As there are normally very few changes to trustees, induction is tailored specifically to the individual.

Each of the charity's subsidiaries appoints a board of directors or trustees in accordance with its own governing document. The board of ESF is responsible for overall policy, general policy decisions and the responsibility of day-to-day management is delegated to the board of each subsidiary.

The trustees are committed to performing an annual review of the risks facing the group, the establishment of systems and procedures to mitigate identifiable risks, and the implementation of procedures designed to minimise any potential impact on the group should any of those risks materialise.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' Report

Objectives and principal activity

The principal object and activity of the charitable company is the operation of a group of schools comprising two Academies and a City Technology College, which provide education for pupils of different abilities between the ages of 11 and 18. A third Academy will be opened in 2009 to provide education for pupils between the ages of 3 and 18 in Blyth, Northumberland.

Each school follows the objectives laid down by the Department for Children, Schools and Families (DCSF), which, by their nature, are both annual and long term. Those objectives are summarised below.

- to raise the standard of education achievement of all pupils,
- to ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care,
- to improve the effectiveness of the school by keeping the curriculum and structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce,
- to conduct our business in accordance with the highest standards of integrity, probity and openness.

Disabled persons

The Foundation places special emphasis on teaching young people who have visual, hearing, physical and learning difficulties. Approximately 10% of the total student population of the Foundation's schools are in this category.

Lifts, ramps, automatic doors and disabled toilets are installed and door widths are suitable to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support the teaching and employment of disabled persons both in recruitment and by retention of staff and students who become disabled during their time at the Academy, as well as generally through training and career development.

Achievements and performance

Over the 2006-2007 academic year, the Foundation has continued to both consolidate and grow, with Emmanuel College and The King's Academy maintaining high academic standards against value-added indicators. Trinity Academy completed its second year of operations with outstanding results which led to it being named as the most improved secondary school in South Yorkshire and the most improved Academy in the country.

Emmanuel College was again placed amongst the top comprehensive school in the country and all three schools continued to improve on the previous year's headline results for GCSE scores when including English and Mathematics amongst the 5A*-C percentages.

All three schools enjoy oversubscription for entry into Year 7 (aged 11) amidst falling rolls in their areas, marking the continuing popularity of them all.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' Report

Financial review

Most of the charity's income is obtained from either the DCSF in the form of recurrent grants, or from the relevant Local Education Authority (LEA), the use of which is restricted to particular purposes. Annual grants received during the year ended 31 August 2007 and the associated expenditure are shown as restricted income funds in the Statement of Financial Activities.

Capital grants are shown in a separate restricted fixed asset fund which is reduced by transfers of amounts equivalent to any depreciation charges over the expected useful life of the assets concerned.

Net outgoing resources for the year after transfers amounted to £73,086, before actuarial gains in respect of the group's pension schemes of £406,000.

At 31 August 2007 the net book value of fixed assets was £50,240,742, and movements in tangible fixed assets are shown in Note 10 to the accounts. The assets are used exclusively for providing education and associated support services to the pupils of the Foundation's schools.

The group held fund balances at 31 August 2007 of £53,864,589, comprising £1,407,502 unrestricted funds and £52,457,087 for restricted funds. The fund balances are adequate to fulfil the current and foreseeable obligations of the group.

The principal risks facing the charity relate to teaching, school trips, bullying and general health and safety. As part of their risk review, the trustees have considered the guidance for directors of public listed companies contained within the Turnbull report. They believe that although it is not mandatory for the group, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly, they have set policies on internal controls which cover the following:

- the type of risks each school faces,
- the level of risks which they regard as acceptable,
- the ability to reduce the incidence and impact of risks that do materialise,
- the likelihood of the risks materialising,
- the responsibility of management to implement the trustees' policies,
- the responsibility of management to identify and evaluate risks for consideration by the trustees,
- employees' responsibility for internal control as part of their accountability for achieving objectives,
- the cost of operating particular controls relative to the benefit obtained,
- the embedding of control system in operations so that it becomes part of the entity's culture.

Consolidation

The consolidated accounts reflect the combined financial activities and balances of The Emmanuel Schools Foundation, Emmanuel College, The King's Academy, Trinity Academy, Bede Academy, EC Educational Services Limited and Bede Academy (Project Management) Limited.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' Report

Statement of trustees' responsibilities

The trustees are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit for that period. In preparing those accounts, the trustees are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with statutory requirements and with the charity's constitution and rules. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each trustee at the date of approval of this report is aware:

- there is no relevant audit information of which the charity's auditors are unaware, and
- the trustee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

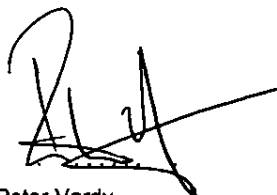
Plans for future periods

The Foundation has continued to receive enquiries from local authorities and other groups regarding the possibility of bringing an ESF Academy to their areas, the most significant of which has been Northumberland. As a result of this, the Secretary of State for the DCSF has approved the construction of a new Academy in Blyth, Northumberland which will be called Bede Academy. This Academy will cater for pupils aged from 3 to 18 years old and is scheduled to open in September 2009. Construction work on Bede Academy has already commenced.

In general terms, the Foundation continues with its aim to provide places for 10,000 school places in the North-east of England although no specific date can be set for that to be achieved as current expansion under the Academies programme is dependent upon local authority initiative. At present, Emmanuel College, The King's Academy and Trinity Academy offer almost 4,000 places. This will increase to nearly 6,000 places when Bede Academy in Blyth opens in 2009.

Approval

This report was approved by the board on 27 June 2008 and signed on its behalf by



Sir Peter Vardy

THE EMMANUEL SCHOOLS FOUNDATION

Independent auditors' report to the members of The Emmanuel Schools Foundation

We have audited the accounts of The Emmanuel Schools Foundation for the year ended 31 August 2007 which comprise the Statements of Financial Activities and Balance Sheets for the group and the main charitable company, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the 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 auditors

The responsibilities of the trustees, who are also the directors of the company for the purposes of company law, for preparing the annual report and accounts in accordance with applicable law and United Kingdom accounting standards are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the accounts.

In addition, we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustee remuneration and transactions with the charity is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

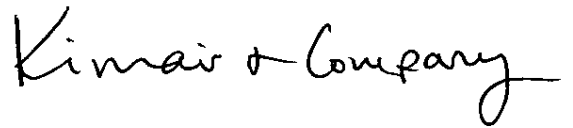
The Independent Auditors' Report continues on the following page

THE EMMANUEL SCHOOLS FOUNDATION
Independent auditors' report
to the members of The Emmanuel Schools Foundation (continued)

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2007 and of its surplus for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the trustees' report is consistent with the accounts



Kinnair and Company
Chartered Accountants & Registered Auditors
Newcastle Upon Tyne

27 June 2008

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated Statement of Financial Activities
for the year ended 31 August 2007

	Notes	Unrestricted funds £	Restricted income funds £	Restricted fixed asset funds £	Total funds 2007 £	Total funds 2006 £
Incoming resources						
Voluntary income	2	6,200	13,146	-	19,346	510,976
Activities for generating funds						
- facilities hire		52,398	-	-	52,398	25,540
Investment income						
- bank interest receivable		199,515	127	-	199,642	59,058
Incoming resources from charitable activities						
- public sector funding	3	988	20,640,998	1,453,027	22,095,013	22,538,074
- non public sector funding		-	-	-	-	450,101
- school meals income		-	833,229	-	833,229	849,267
Other income		480	1,452	-	1,932	18,415
Total incoming resources		259,581	21,488,952	1,453,027	23,201,560	24,451,431
Resources expended						
Charitable expenditure						
Charitable activities						
- provision of education	4	-	15,669,865	1,587,473	17,257,338	16,756,644
- support costs	5	-	2,362,952	415,977	2,778,929	2,701,446
- provision of school meals		-	1,159,446	-	1,159,446	1,171,404
Governance costs	6	15,663	1,685,732	377,538	2,078,933	1,954,174
Total resources expended		15,663	20,877,995	2,380,988	23,274,646	22,583,668
Net incoming/(outgoing) resources before transfers		243,918	610,957	(927,961)	(73,086)	1,867,763
Transfer between funds	7	-	(248,115)	248,115	-	-
Net (outgoing)/incoming resources for the year		243,918	362,842	(679,846)	(73,086)	1,867,763
Other recognised gains and losses						
Actuarial gains/(losses)	20	406,000	-	-	406,000	(192,000)
Net movement in Funds		649,918	362,842	(679,846)	332,914	1,675,763
Funds brought forward		757,584	1,853,503	50,920,588	53,531,675	51,855,912
Funds carried forward		1,407,502	2,216,345	50,240,742	53,864,589	53,531,675

Incoming resources includes £615,595 and net incoming resources includes £609,195 from new activities. No activities were discontinued during the year.

THE EMMANUEL SCHOOLS FOUNDATION
Main Charity's Statement of Financial Activities
for the year ended 31 August 2007 (Incorporating an Income and Expenditure Account)

	Notes	Unrestricted funds £	Restricted income funds £	Total funds 2007 £	Total funds 2006 £
Incoming resources					
Voluntary income					
- external donations	2	6,200	-	6,200	500,000
- donations from subsidiaries		-	-	-	75,725
Total Incoming Resources		<u>6,200</u>	<u>-</u>	<u>6,200</u>	<u>575,725</u>
Resources expended					
Charitable expenditure					
Charitable activities					
- Donations to charitable subsidiaries		-	-	-	575,725
Governance and administration costs	6	6,854	-	6,854	5,525
Total resources expended		<u>6,854</u>	<u>-</u>	<u>6,854</u>	<u>581,250</u>
Net outgoing resources for the year		(654)	-	(654)	(5,525)
Net movement in Funds		(654)	-	(654)	(5,525)
Funds brought forward		265,574	-	265,574	271,099
Funds carried forward		<u>264,920</u>	<u>-</u>	<u>264,920</u>	<u>265,574</u>

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated Income and Expenditure Account
for the year ended 31 August 2007

	Notes	2007 £	2006 £
Income		23,001,918	24,392,373
Direct expenditure			
Provision of education	4	(15,669,865)	(15,150,094)
Provision of school meals		(1,159,446)	(1,171,404)
Gross surplus		<u>6,172,607</u>	<u>8,070,875</u>
Support costs	5	(2,362,952)	(2,269,902)
Governance costs	6	(1,701,395)	(1,592,241)
Surplus before depreciation		<u>2,108,260</u>	<u>4,208,732</u>
Depreciation of fixed assets		<u>(2,380,988)</u>	<u>(2,400,027)</u>
Operating (deficit)/surplus	8	(272,728)	1,808,705
Interest receivable		199,642	59,058
Retained (deficit)/surplus for the financial year		<u>(73,086)</u>	<u>1,867,763</u>

Income include £615,595 and operating deficit includes £609,195 from new activities No activities were discontinued during the year

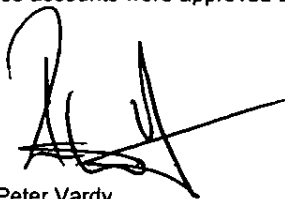
Consolidated Statement of total recognised gains and losses
for the year ended 31 August 2007

	Notes	2007 £	2006 £
(Deficit)/surplus for the financial year		(73,086)	1,867,763
Actuanal gains/(losses)	20	406,000	(192,000)
Total recognised gains related to the year		<u>332,914</u>	<u>1,675,763</u>

THE EMMANUEL SCHOOLS FOUNDATION
Balance Sheets
as at 31 August 2007

	Notes	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Fixed assets					
Tangible assets	10	50,240,742	50,920,588	-	-
Investments	11	-	-	1	1
		<u>50,240,742</u>	<u>50,920,588</u>	<u>1</u>	<u>1</u>
Current assets					
Debtors	12	603,418	436,037	-	75,725
Cash at bank and in hand		<u>5,060,436</u>	<u>3,877,544</u>	<u>427,168</u>	<u>279,441</u>
		5,663,854	4,313,581	427,168	355,166
Creditors amounts falling due within one year	13	(1,962,007)	(1,341,494)	(162,249)	(89,593)
Net current assets		<u>3,701,847</u>	<u>2,972,087</u>	<u>264,919</u>	<u>265,573</u>
Total assets less current liabilities		<u>53,942,589</u>	<u>53,892,675</u>	<u>264,920</u>	<u>265,574</u>
Net assets excluding pension liabilities		<u>53,942,589</u>	<u>53,892,675</u>	<u>264,920</u>	<u>265,574</u>
Pension scheme liabilities	20	(78,000)	(361,000)	-	-
Net Assets		<u>53,864,589</u>	<u>53,531,675</u>	<u>264,920</u>	<u>265,574</u>
Funds					
<i>Unrestricted funds</i>					
- general fund		1,329,502	396,584	264,920	265,574
- pension reserve		<u>78,000</u>	<u>361,000</u>	<u>-</u>	<u>-</u>
		<u>1,407,502</u>	<u>757,584</u>	<u>264,920</u>	<u>265,574</u>
<i>Restricted funds</i>					
- restricted income funds	14	2,216,345	1,853,503	-	-
- restricted fixed asset funds	14	<u>50,240,742</u>	<u>50,920,588</u>	<u>-</u>	<u>-</u>
		<u>52,457,087</u>	<u>52,774,091</u>	<u>-</u>	<u>-</u>
		<u>53,864,589</u>	<u>53,531,675</u>	<u>264,920</u>	<u>265,574</u>

These accounts were approved by the board on 27 June 2008



Sir Peter Vardy

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated Cash Flow Statement
for the year ended 31 August 2007

	Notes	2007 £	2006 £
Net cash inflow from operating activities	15	2,684,392	3,768,115
Returns on investments and servicing of finance			
Interest received		199,642	59,058
		<u>2,884,034</u>	<u>3,827,173</u>
Capital expenditure			
Payments to acquire tangible fixed assets		(1,701,142)	(3,320,752)
Increase in cash	16	<u>1,182,892</u>	<u>506,421</u>

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the Accounts
for the year ended 31 August 2007

1 Accounting policies

Accounting conventions

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, the recommendations of Statement of Recommended Practice Accounting and Reporting by Charities, and the Companies Act 1985

Basis of consolidation and accounting period

The consolidated financial statements include the results, assets and liabilities of the charity, Emmanuel College, The King's Academy, Trinity Academy, Bede Academy (all subsidiary charities of The Emmanuel Schools Foundation), EC Educational Services Limited and Bede Academy (Project Management) Limited. The results of the subsidiaries are consolidated on a line-by-line basis. The current accounting period covers the year to 31 August 2007. The corresponding amounts are for the year to 31 August 2006.

Income

Fixed asset grants are included in the financial statements on a receivable basis. The balance of income received for a specific purpose but not matched to relevant expenditure during the period is carried forward within restricted funds on the balance sheet. The annual recurrent grant from the Department for Children, Schools and Families (DCSF) is credited direct to the statement of financial activities.

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they can be assured with reasonable certainty.

Expenditure

The costs of activities in furtherance of charitable objectives includes all expenditure attributable to those activities. They are included in the accounts on an accruals basis.

Support costs primarily relate to premises costs and the cost of support staff and is included on an accruals basis.

Governance and administration costs include all the expenditure on administration of the charitable group and compliance with constitutional and statutory requirements and an appropriate apportionment of indirect costs.

Where costs cannot be directly attributable to particular headings they have been allocated on a basis consistent with the use of resources or on the basis of staff headcount.

Fixed assets

All tangible fixed assets are initially recorded at cost. 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 useful economic life. The related grants are credited to a specific restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet) and are released over the expected useful economic life of the asset on a basis consistent with the depreciation policy. The trustees undertake an annual impairment review which considers the written down value of assets and the appropriateness of the depreciation policy.

Investments in unlisted subsidiaries are stated at cost.

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the Accounts
for the year ended 31 August 2007

1 Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold and leasehold properties - 50 years straight line,
 Plant and equipment - 5 years straight line

Fund accounting

The charity operates restricted and unrestricted funds. Restricted funds relate to amounts received which have been specified for a particular use by the donor. All other funds are unrestricted funds which the charity may use for its charitable purposes at its discretion. Within unrestricted funds, the charity may designate certain funds for specific purposes.

Pensions

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education and Skills. As the group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the group in the year.

Local Government Pension Scheme

Some non-teaching members of staff are offered membership of one of two Local Government Schemes (LGPS). Each LGPS is a defined benefit pension scheme and is able to identify the relevant school's share of assets and liabilities, and the requirements of FRS 17. Retirement Benefits, have been followed.

The group's share of the LGPS assets is measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Value added tax

The main charity and its four subsidiary charities are not VAT registered and any irrecoverable input tax is included within the expenditure to which it relates.

Operating leases

Rentals payable under operating leases are charged to the statement of financial activities as they are incurred.

2 Voluntary Income

	2007	2006
	£	£
Donations to The Emmanuel Schools Foundation	6,200	500,000
Donations to school funds	13,146	10,976
	<u>19,346</u>	<u>510,976</u>

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the Accounts
for the year ended 31 August 2007

3 Public sector funding	2007	2006
	£	£
DCSF annual grants	18,696,200	18,573,790
DCSF capital grants	1,453,027	1,980,656
Other government grants	-	13,820
Local Education Authority Grants	1,945,786	1,969,808
	<u>22,095,013</u>	<u>22,538,074</u>

All of the above income is restricted. Capital grants are included within the restricted fixed asset funds of the charity. All other grants are included within restricted income funds.

4 Provision of education	2007	2006
	£	£
Staff costs	13,122,016	12,076,774
Educational resources	1,181,573	1,852,295
Premises costs	1,130,043	1,078,532
Technology costs	236,233	142,493
	<u>15,669,865</u>	<u>15,150,094</u>
Depreciation	1,587,473	1,606,550
	<u>17,257,338</u>	<u>16,756,644</u>

5 Support costs	2007	2006
	£	£
Staff costs	1,941,720	1,899,764
Premises costs	303,201	278,311
Technology costs	65,093	32,645
Other support costs	52,938	59,182
	<u>2,362,952</u>	<u>2,269,902</u>
Depreciation	415,977	431,544
	<u>2,778,929</u>	<u>2,701,446</u>

6 Governance costs	2007	2006
	£	£
Staff costs	1,084,958	1,056,098
Premises costs	289,843	240,719
Technology costs	64,068	32,111
Administration costs	262,526	263,313
	<u>1,701,395</u>	<u>1,592,241</u>
Depreciation	377,538	361,933
	<u>2,078,933</u>	<u>1,954,174</u>

Governance and administration costs includes £6,854 (2006 - £5,525) administrative costs relating to professional fees and bank charges incurred by the main charity.

THE EMMANUEL SCHOOLS FOUNDATION
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7 Transfers

The transfers to restricted fixed asset funds represent capital expenditure financed from the surplus annual grant or from other sources

8 Net incoming resources for the year	2007 £	2006 £
This is stated after charging		
Depreciation of owned fixed assets	2,380,988	2,394,376
Directors' remuneration (for Bede Academy (Project Management) Ltd)		
- Salaries	69,646	66,811
- Pensions	5,572	4,492
Auditors' remuneration		
- Statutory audit	33,779	25,539
- Internal audit	13,395	13,060
- Other services	2,968	7,755

9 Staff costs	2007 £	2006 £
Wages and salaries	13,091,205	12,356,169
Social security costs	1,023,729	1,047,677
Other pension costs	1,716,560	1,528,514
	<u>15,831,494</u>	<u>14,932,360</u>

Average number of employees during the year	Number	Number
Teaching	304	294
Teaching support and administration	181	162
	<u>485</u>	<u>456</u>

Number of staff who have earned	Number	Number
£60,000 to £70,000	4	3
£70,000 to £80,000	-	1
£80,000 to £90,000	-	1
£90,000 to £100,000	2	-
£100,000 to £110,000	1	-
£120,000 to £130,000	1	1

The eight members of staff earning more than £60,000 also have retirement benefits accruing under defined benefit pension schemes

The trustees receive no remuneration for their services as trustees. One of the Foundation's trustees was reimbursed for out of pocket expenses amounting to £3,499 during the year, and one trustee received remuneration from Bede Academy (Project Management) Limited for management services to that company (as shown in the previous note)

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10 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
Cost				
At 1 September 2006	31,634,353	19,877,793	7,433,430	58,945,576
Additions	147,751	611,643	941,748	1,701,142
At 31 August 2007	<u>31,782,104</u>	<u>20,489,436</u>	<u>8,375,178</u>	<u>60,646,718</u>
Depreciation				
At 1 September 2006	3,034,181	1,155,742	3,835,065	8,024,988
Charge for the year	635,646	398,494	1,346,848	2,380,988
At 31 August 2007	<u>3,669,827</u>	<u>1,554,236</u>	<u>5,181,913</u>	<u>10,405,976</u>
Net book value				
At 31 August 2007	<u>28,112,277</u>	<u>18,935,200</u>	<u>3,193,265</u>	<u>50,240,742</u>
At 31 August 2006	<u>28,600,172</u>	<u>18,722,051</u>	<u>3,598,365</u>	<u>50,920,588</u>

The main charity holds no tangible fixed assets in its own right

11 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 September 2006	<u>1</u>
At 31 August 2007	<u>1</u>

The Foundation holds 20% or more of the share capital of the following UK registered companies

Company	Shares held Class	%
EC Educational Services Limited	Ordinary	100

12 Debtors

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Trade debtors	18,629	13,578	-	-
Amounts due from subsidiaries	-	-	-	75,725
Other debtors	62,451	11,417	-	-
Prepayments and accrued income	<u>522,338</u>	<u>411,042</u>	<u>-</u>	<u>-</u>
	<u>603,418</u>	<u>436,037</u>	<u>-</u>	<u>75,725</u>

THE EMMANUEL SCHOOLS FOUNDATION
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13 Creditors amounts falling due within one year

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Trade creditors	966,177	421,377	-	-
Amounts owed to subsidiaries	-	-	141,626	75,725
Taxes and social security costs	339,235	326,973	-	-
Other creditors	305,066	172,692	13,749	8,249
Accruals and deferred income	351,529	420,452	6,874	5,619
	<u>1,962,007</u>	<u>1,341,494</u>	<u>162,249</u>	<u>89,593</u>

14 Restricted funds

	Balance at 1 Sep-06 £	Incoming resources £	Outgoing resources £	Balance at 31 Aug-07 £
Restricted income funds				
- Emmanuel College income fund	582,193	6,603,787	(6,621,951)	564,029
- Emmanuel College PF&F fund	29,739	8,372	(6,000)	32,111
- The King's Academy income fund	619,202	7,686,679	(7,547,490)	758,391
- Trinity Academy income fund	617,481	7,188,986	(6,947,268)	859,199
- Trinity Academy Alumni fund	4,888	1,127	-	6,015
- Bede Academy income fund	-	-	(3,400)	(3,400)
	<u>1,853,503</u>	<u>21,488,951</u>	<u>(21,126,109)</u>	<u>2,216,345</u>
Restricted fixed asset funds				
- Emmanuel College building fund	7,924,025	15,917	(256,525)	7,683,417
- The King's Academy building fund	19,754,613	-	(812,103)	18,942,510
- Trinity Academy building fund	23,241,950	825,467	(1,064,245)	23,003,172
- Bede Academy building fund	-	611,643	-	611,643
	<u>50,920,588</u>	<u>1,453,027</u>	<u>(2,132,873)</u>	<u>50,240,742</u>

The four income funds represent DCSF and LEA funding including an annual per capita grant (APG) which must be used for the normal running costs of the schools including salaries and related costs, overheads, repairs and maintenance and insurance. Each school is allowed to carry forward up to 12% of the current APG. Of the carried forward amount 2% of the APG can be used for a general purpose at the discretion of the school, but any balance above this must be for capital purposes.

The four building funds represent public and private sector income received to finance the capital cost of buildings, plant and equipment.

The Emmanuel College Parents, Family and Friends Fund (PF&F) and the Trinity Academy Alumni fund are separate funds set up to receive and distribute other donations.

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the Accounts
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15 Reconciliation of operating surplus to net cash inflow from operating activities

	2007 £	2006 £
Net incoming resources for the year	332,914	1,675,763
Interest receivable	(199,642)	(59,058)
Operating surplus	<u>133,272</u>	<u>1,616,705</u>
Depreciation charges	2,380,988	2,394,376
Loss on disposal of fixed assets	-	14,651
(Increase)/decrease in debtors	(167,381)	259,225
Increase/(decrease) in creditors	337,513	(516,842)
Net cash inflow from operating activities	<u>2,684,392</u>	<u>3,768,115</u>

16 Reconciliation of net cash flow to movement in net funds

	2007 £	2006 £
Increase in cash in the year	1,182,892	506,421
Change in net debt	<u>1,182,892</u>	<u>506,421</u>
Net funds at 1 September 2006	3,877,544	3,371,123
Net funds at 31 August 2007	<u>5,060,436</u>	<u>3,877,544</u>

17 Analysis of changes in net debt

	At 1 Sep 2006 £	Cash flows £	Non-cash changes £	At 31 Aug 2007 £
Cash at bank and in hand	3,877,544	1,182,892	-	5,060,436
Total	<u>3,877,544</u>	<u>1,182,892</u>	<u>-</u>	<u>5,060,436</u>

THE EMMANUEL SCHOOLS FOUNDATION
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18 Contingent liabilities

In the event, during the period of the funding agreement with the DCSF, of the sale or disposal by other means, of any asset for which a capital grant was received, the receiving charity shall, if it does not re-invest the proceeds, repay to the DCSF the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost that was met by the DCSF

Upon termination of the funding agreement, whether as a result of the Secretary of State for the DCSF or the charity serving notice, the charity shall repay sums determined by reference to, the value at the time of the site, premises and other assets held for the purpose of the charitable company, and the extent to which expenditure in providing those assets was met by the DCSF

19 Related parties

For the year ended 31 August 2007 there were no related party transactions or balances that require disclosure under FRS 8, 'Related party disclosures'

20 Pension commitments

The group operates three defined benefit pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and two Local Government Pension Schemes (LGPS) for non-teaching staff, managed by Middlesbrough and Doncaster councils

The total pension cost to the group during the year ended 31 August 2007 was £1,716,560 (2006 - £1,528,514) of which £1,538,280 relates to the TPS and £178,280 relates to the two local government schemes

Teachers Pension Scheme

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

The Teachers' Pension Scheme (TPS) is a statutory, contributory, final salary scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education

THE EMMANUEL SCHOOLS FOUNDATION

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for the year ended 31 August 2007

20 Pension commitments (continued)

Membership is automatic for full-time teachers or lecturers and, from 1 January 2007, automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

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

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

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

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate will be 19.75% plus a supplementary contribution rate of 0.75%, a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement will also introduce, for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

A copy of the GA's report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions.

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the Accounts

for the year ended 31 August 2007

20 Pension commitments (continued)

Local Government Pension Scheme

Two of the group's subsidiaries, The King's Academy and Trinity Academy, are each one of several employing bodies included within their respective Local Government Pension Schemes (LGPS)

Each LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to each scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contributions made for the year ended 31 August 2007 were £267,044 of which employer's contributions totalled £178,280 and employees' contributions totalled £88,764. The agreed contribution rates for the year ended 31 August 2007 were 13.7% for employers and 6% for employees.

The following information is based upon full actuarial valuations of the funds at 31 March 2004, updated to 31 August 2007 by qualified independent actuaries.

The major assumptions made by the actuary of each scheme are set out below.

The King's Academy	At 31 Aug-07	At 31 Aug-06	At 31 Aug-05	At 31 Aug-04
Price increases	3.5%	3.2%	2.9%	2.9%
Salary increases	5.0%	5.2%	4.9%	4.9%
Pension Increases	3.5%	3.2%	2.9%	2.9%
Discount rate	5.8%	5.0%	5.1%	5.8%
Trinity Academy	At 31 Aug-07	At 31 Aug-06	At 31 Aug-05[†]	At 31 Aug-04[†]
Price increases	3.1%	2.9%	n/a	n/a
Salary increases	4.9%	4.7%	n/a	n/a
Pension Increases	3.1%	2.9%	n/a	n/a
Discount rate	5.4%	4.9%	n/a	n/a

The expected long term rates of return were

The King's Academy	At 31 Aug-07	At 31 Aug-06	At 31 Aug-05	At 31 Aug-04
Equities	7.9%	7.5%	7.5%	7.9%
Gilts	4.8%	4.4%	4.5%	5.4%
Other bonds	5.8%	5.1%	5.3%	5.4%
Property	7.4%	7.0%	7.0%	6.7%
Cash	6.0%	4.5%	4.3%	4.5%
Trinity Academy	At 31 Aug-07	At 31 Aug-06	At 31 Aug-05[†]	At 31 Aug-04[†]
Equities	7.5%	7.0%	n/a	n/a
Gilts	4.7%	4.3%	n/a	n/a
Other bonds	5.4%	4.9%	n/a	n/a
Property	6.5%	6.0%	n/a	n/a
Cash	5.2%	4.5%	n/a	n/a

THE EMMANUEL SCHOOLS FOUNDATION

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for the year ended 31 August 2007

20 Pension commitments (continued)

Each Academy's share of the assets and liabilities in the schemes were

The King's Academy	At 31 Aug-07 £ 000	At 31 Aug-06 £ 000	At 31 Aug-05 £ 000	At 31 Aug-04 £ 000
Equities	1,138	1,255	996	649
Gilts	540	161	143	-
Other bonds	22	21	31	130
Property	96	80	68	51
Cash	202	156	114	83
Total fair value of assets	1,998	1,673	1,352	913
Present value of scheme liabilities	(1,931)	(1,860)	(1,474)	(1,047)
Net pension asset/(liability)	67	(187)	(122)	(134)
Trinity Academy	At 31 Aug-07 £ 000	At 31 Aug-06 £ 000	At 31 Aug-05 [†] £ 000	At 31 Aug-04 [†] £ 000
Equities	586	479	-	-
Gilts	133	112	-	-
Other bonds	61	58	-	-
Property	104	79	-	-
Cash	6	11	-	-
Total fair value of assets	890	739	-	-
Present value of scheme liabilities	(1,035)	(913)	-	-
Net pension asset/(liability)	(145)	(174)	-	-

[†] The year ended 31 August 2006 was the first year of teaching for Trinity Academy

Analysis of amount chargeable to income and expenditure

	The King's Academy		Trinity Academy	
	2007 £ 000	2006 £ 000	2007 £ 000	2006 £ 000
Employer service cost	208	179	(109)	(63)
Past service cost	-	(36)	-	23
Curtailment and Settlement	-	31	-	(4)
Total operating charge	208	174	(109)	(44)

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20 Pension commitments (continued)

Analysis of pension finance return / (cost)

	The King's Academy		Trinity Academy	
	2007	2006	2007	2006
	£ 000	£ 000	£ 000	£ 000
Expected return on employers share of scheme assets	120	103	48	23
Interest on pension liabilities	(99)	(85)	(48)	(24)
Pension finance return	21	18	-	(1)

Amount recognised in the statement of financial activities

	The King's Academy		Trinity Academy	
	2007	2006	2007	2006
	£ 000	£ 000	£ 000	£ 000
Actual return less expected return on scheme assets	46	127	7	61
Experience gains and losses arising on scheme liabilities	-	-	-	(183)
Changes in assumptions underlying the present value of the scheme liabilities	284	(151)	69	(46)
Actuarial gain/(loss) recognised	330	(24)	76	(168)

Movement in deficit during the year

	The King's Academy		Trinity Academy	
	2007	2006	2007	2006
	£ 000	£ 000	£ 000	£ 000
Deficit at 1 September 2006	(187)	(122)	(174)	-
Current service cost	(208)	(179)	(109)	(63)
Employer contributions	111	115	62	39
Past service costs	-	36	-	19
Other finance income	21	18	-	(1)
Settlements/curtailments	-	(31)	-	-
Actuarial gain/(loss)	330	(24)	76	(168)
Deficit at 31 August 2007	67	(187)	(145)	(174)

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20 Pension commitments (continued)

History of experience gains and losses

The King's Academy	2007	2006
	£ 000	£ 000
Difference between the expected and actual return on assets	46	127
Value of assets	1,998	1,673
<i>Percentage of assets</i>	<i>2.3%</i>	<i>7.6%</i>
Experience gains/(losses) on liabilities	-	-
Present value of liabilities	1,931	1,860
<i>Percentage of the present value of liabilities</i>	<i>0.0%</i>	<i>0.0%</i>
Actuarial gains/(losses) recognised	330	(24)
Present value of liabilities	1,931	1,860
<i>Percentage of the present value of liabilities</i>	<i>17.1%</i>	<i>-1.3%</i>
Trinity Academy	2007	2006
	£ 000	£ 000
Difference between the expected and actual return on assets	7	61
Value of assets	890	739
<i>Percentage of assets</i>	<i>0.8%</i>	<i>8.3%</i>
Experience gains/(losses) on liabilities	-	(183)
Present value of liabilities	1,035	913
<i>Percentage of the present value of liabilities</i>	<i>0.0%</i>	<i>-20.0%</i>
Actuarial gains/(losses) recognised	76	(46)
Present value of liabilities	1,035	913
<i>Percentage of the present value of liabilities</i>	<i>7.3%</i>	<i>-5.0%</i>