

The Emmanuel Schools Foundation

Report and Consolidated Accounts

31 August 2009



Company registration number
4464331

Charity registration number
1093739

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 Lord Bates of Langbaugh (resigned 29 January 2010)
Norman Drummond (appointed 15 October 2009)
Canon Dr Ann Holt OBE (appointed 9 December 2008)
Robert Parsons (appointed 1 April 2009)
Nigel Robson (appointed 9 December 2008)
Revd Dr David Wilkinson (appointed 6 March 2009)
David Vardy (Chairman)
Lady Margaret Vardy
Sir Peter Vardy
Richard Vardy

Secretary Claire Stafford (appointed 17 July 2009)
Patricia Rowland (resigned 17 July 2009)

Auditors Kinnair and Company
Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

Solicitors 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
Aykley 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 2009. 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 2006.

Reference and administrative details

The Emmanuel Schools Foundation (ESF, The Foundation, the Company, the Charity) 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.

During the year the Charity also held 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. Following the completion of the project work undertaken by EC Educational Services Limited this company was disposed of at its net asset value on 18 December 2009.

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 eight 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 (continued)

Objectives and principal activity

The principal object and activity of the charitable Company is the operation of a group of schools comprising three Academies and a City Technology College, which provide education for pupils of different abilities between the ages of 3 and 18. The Foundation opened its third Academy in September 2009 with both a Primary and Secondary school providing 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 policy of the Foundation 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 Foundation Schools, as well as generally through training and career development. 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 schools.

Public benefit statement

The highlight of the financial year was the completion of the Foundation's fourth school, Bede Academy in Blyth. Construction work was completed by the end of the financial year for the new school to open in September 2009. This provides a primary school for 630 children with a 80 place nursery and a secondary school with a total capacity of 1,150. During the year the Principals worked on the staffing structures, preparing the curriculum, developing schemes of work and putting in place all the policies and procedures which the new Academy requires. Despite initial opposition to the Academy there has been overwhelming response from parents wishing to secure places for their children. This resulted in a huge number of appeals from unsuccessful applicants being heard.

Emmanuel College again had another outstanding year with 91% of GCSE students achieving 5 A*-C passes including Maths and English. It was also a very successful year for A Level students with many pupils going on to university. Emmanuel College continues to be one of the foremost comprehensive schools in the country.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' report (continued)

Public benefit statement (continued)

The King's Academy, Middlesbrough continues to raise academic standards for students. It now achieves the second highest grades at GCSE in the Middlesbrough Authority. It provides a centre for students with visual, hearing and physical impairment and a very significant proportion of the total cohort have learning difficulties.

Trinity Academy, Doncaster is raising the standards of achievement for students. There is a fourfold improvement in results in the 4 years since the Academy took over from Thorne Grammar School. It is now the third highest achieving school in the Doncaster Authority and provides very high Value Added for its students.

During the year Support Services, provided by the Durham office, continue to pursue excellence in the areas of Human Resources, Finance, IT and Facilities enabling the individual Colleges and Academies to access expertise they would not otherwise be able to obtain.

We as Trustees have fulfilled our duty to disclose information regarding public benefit in accordance with Section 4 of the 2006 Charities Act.

Financial review

Most of the Group'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 2009 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 incoming resources for the year after transfers amounted to £26,831,545, before actuarial losses in respect of the Group's pension schemes of £263,000.

At 31 August 2009 the net book value of fixed assets was £83,018,255, 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 2009 of £85,989,044, comprising £1,561,140 unrestricted funds and £84,427,904 of restricted funds. The fund balances are adequate to fulfil the current and foreseeable obligations of the Group.

The principal risks facing the Group 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.

THE EMMANUEL SCHOOLS FOUNDATION

Trustees' report (continued)

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

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 judgments 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 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 Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Plans for future periods

The 2010 financial year will see the first year of operation for Bede Academy in Blyth with more than 1,200 students already in place. It will eventually build to capacity at 1,800 students over the next few years.

The outstanding results of the three existing schools provide ample evidence of the Foundation's ability to improve educational standards, increase aspiration and develop the life opportunities of students who come to Emmanuel Schools. The Foundation is continuing to seek out further opportunities to bring this expertise to other areas in the North of England where a large number of young people will be benefited. The Foundation continues to aim to provide places for 10,000 children in the North East of England as opportunities permit.

Approval

This report was approved by the Board on 31 March 2010 and signed on its behalf by



David Vardy
Chairman

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

We have audited the financial statements of The Emmanuel Schools Foundation for the year ended 31 August 2009 which comprise the Statements of Financial Activities and Balance Sheets for the group and the main charitable company, the group Income and Expenditure Account, Statement of Total Recognised Gains and Losses and Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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

As explained more fully in the statement of trustees' responsibilities set out on page 5, the trustees, who are also the directors of the company for the purpose 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the accounts give a true and fair view of the state of the group's and parent company's affairs as at 31 August 2009
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustee's 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

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



Mai L C Mak
Senior Statutory Auditor

31 March 2010

For and on behalf of
Kinnair & Company
Statutory Auditors
Newcastle upon Tyne

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated statement of financial activities
for the year ended 31 August 2009

	Notes	Unrestricted funds £	Restricted income funds £	Restricted fixed asset funds £	Total funds 2009 £	Total funds 2008 £
Incoming resources						
Voluntary income	2	-	5,130	-	5,130	6,489
Activities for generating funds						
- facilities hire		53,134	-	-	53,134	40,553
Investment income						
- bank interest receivable		232,061	103	-	232,164	294,260
- gift aid donations		776	-	-	776	-
Incoming resources from charitable activities						
- public sector funding	3	-	23,636,968	28,092,072	51,729,040	29,383,312
- school meals income		-	763,025	-	763,025	864,089
Other income		408,641	2,450	-	411,091	407,200
Total incoming resources		694,612	24,407,676	28,092,072	53,194,360	30,995,903
Resources expended						
Charitable expenditure						
Charitable activities						
- provision of education	4	-	17,053,114	1,239,078	18,292,192	17,264,598
- support costs	5	2,757	3,470,863	399,190	3,872,810	3,695,951
- provision of school meals		-	1,240,309	-	1,240,309	1,204,887
Governance costs	6	7,541	2,613,988	335,975	2,957,504	2,746,557
Total resources expended		10,298	24,378,274	1,974,243	26,362,815	24,911,993
Net incoming resources before transfers		684,314	29,402	26,117,829	26,831,545	6,083,910
Transfer between funds	7	(448,949)	(1,465,126)	1,914,075	-	-
Net incoming (outgoing) resources before other recognised gains and losses		235,365	(1,435,724)	28,031,904	26,831,545	6,083,910
Actuarial losses on defined benefit pension schemes	20	(263,000)	-	-	(263,000)	(528,000)
Net movement in Funds		(27,635)	(1,435,724)	28,031,904	26,568,545	5,555,910
Funds brought forward		1,588,775	2,845,373	54,986,351	59,420,499	53,864,589
Funds carried forward		1,561,140	1,409,649	83,018,255	85,989,044	59,420,499

THE EMMANUEL SCHOOLS FOUNDATION
Main Charity's statement of financial activities
for the year ended 31 August 2009
(incorporating an income and expenditure account)

	Unrestricted funds £	Restricted income funds £	Total funds 2009 £	Total funds 2008 £
Incoming resources				
Voluntary income				
- donations from subsidiaries	-	-	-	119,156
- investment income	9,622	-	9,622	17,369
- other income	776	-	776	-
Total incoming resources	10,398	-	10,398	136,525
Resources expended				
Charitable expenditure				
Governance and administration costs	3,936	-	3,936	5,102
Total resources expended	3,936	-	3,936	5,102
Net incoming resources for the year	6,462	-	6,462	131,423
Net movement in Funds	6,462	-	6,462	131,423
Funds brought forward	396,343	-	396,343	264,920
Funds carried forward	402,805	-	402,805	396,343

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated income and expenditure account
for the year ended 31 August 2009

	Notes	2009 £	2008 £
Income		52,962,196	30,701,643
Direct expenditure			
Provision of education	4	(17,053,114)	(15,927,816)
Provision of school meals		(1,240,309)	(1,204,887)
Gross surplus		34,668,773	13,568,940
Support costs	5	(3,473,620)	(3,062,379)
Governance costs	6	(2,621,529)	(2,307,750)
Surplus before depreciation		28,573,624	8,198,811
Depreciation of fixed assets		(1,966,805)	(2,409,161)
Loss on disposal of fixed assets		(7,438)	-
Operating surplus	8	26,599,381	5,789,650
Interest receivable		232,164	294,260
Retained surplus for the financial year		26,831,545	6,083,910

There were no acquisitions or discontinued operations during the current or preceding financial year

Consolidated statement of total recognised gains and losses
for the year ended 31 August 2009

	Notes	2009 £	2008 £
Surplus for the financial year		26,831,545	6,083,910
Actuarial losses	20	(263,000)	(528,000)
Total recognised gains related to the year		26,568,545	5,555,910

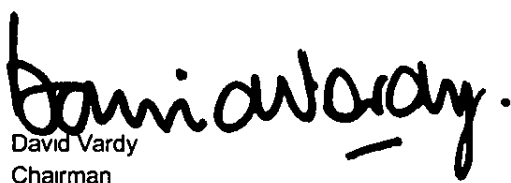
THE EMMANUEL SCHOOLS FOUNDATION

Balance sheets

as at 31 August 2009

	Notes	Group 2009 £	Group 2008 £	Charity 2009 £	Charity 2008 £
Fixed assets					
Tangible assets	10	83,018,255	54,986,351	-	-
Investments	11	-	-	1	1
		<u>83,018,255</u>	<u>54,986,351</u>	<u>1</u>	<u>1</u>
Current assets					
Debtors	12	3,250,954	1,963,221	7,700	75,358
Cash at bank and in hand		5,825,675	6,802,891	401,703	430,840
		<u>9,076,629</u>	<u>8,766,112</u>	<u>409,403</u>	<u>506,198</u>
Creditors amounts falling due within one year	13	(4,981,840)	(3,613,964)	(6,599)	(109,856)
Net current assets		<u>4,094,789</u>	<u>5,152,148</u>	<u>402,804</u>	<u>396,342</u>
Total assets less current liabilities		<u>87,113,044</u>	<u>60,138,499</u>	<u>402,805</u>	<u>396,343</u>
Net assets excluding pension liabilities		87,113,044	60,138,499	-	396,343
Pension scheme liabilities	20	(1,124,000)	(718,000)	-	-
Net assets		<u>85,989,044</u>	<u>59,420,499</u>	<u>402,805</u>	<u>396,343</u>
Funds					
<i>Unrestricted funds</i>					
- general fund		2,685,140	2,306,775	402,805	396,343
- pension reserve		(1,124,000)	(718,000)	-	-
		<u>1,561,140</u>	<u>1,588,775</u>	<u>402,805</u>	<u>396,343</u>
<i>Restricted funds</i>					
- restricted income funds	14	1,409,649	2,845,373	-	-
- restricted fixed asset funds	14	83,018,255	54,986,351	-	-
		<u>84,427,904</u>	<u>57,831,724</u>	<u>-</u>	<u>-</u>
		<u>85,989,044</u>	<u>59,420,499</u>	<u>402,805</u>	<u>396,343</u>

These accounts were approved by the Board on 31 March 2010


David Vardy
Chairman

THE EMMANUEL SCHOOLS FOUNDATION
Consolidated cash flow statement
for the year ended 31 August 2009

	Notes	2009 £	2008 £
Net cash inflow from operating activities	15	26,164,695	8,602,965
Returns on investments and servicing of finance			
Interest received		232,164	294,260
		<u>26,396,859</u>	<u>8,897,225</u>
Capital expenditure			
Payments to acquire tangible fixed assets		(27,387,803)	(7,154,770)
Proceeds on sale of fixed assets		13,728	-
		<u>(27,374,075)</u>	<u>(7,154,770)</u>
(Decrease) increase in cash	16	<u>(977,216)</u>	<u>1,742,455</u>

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2009

1 Accounting policies

The principal accounting policies which have been applied consistently in the current and prior year are set out below

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 (SORP 2005), and the Companies Act 2006

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 2009. The corresponding amounts are for the year to 31 August 2008.

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. The de minimis level for the capitalisation of assets is £250. The Charity has no heritage assets.

THE EMMANUEL SCHOOLS FOUNDATION

Notes to the accounts

for the year ended 31 August 2009

1 Accounting policies (continued)

All assets under construction are capitalised within the balance sheet and depreciated when these are considered fit for purposes

Investments in unlisted subsidiaries are stated at cost

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 DCSF. 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 Pension 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.

The Emmanuel Schools Foundation Scheme

Other staff are eligible to join a defined contribution scheme administered by Norwich Union. The assets of this scheme are held separately. The pension costs for the scheme represent the contributions payable by the Foundation in the year.

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.

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the accounts
for the year ended 31 August 2009

2 Voluntary income	2009	2008
	£	£
Donations to school funds	5,130	6,489
	<u>5,130</u>	<u>6,489</u>

3 Public sector funding	2009	2008
	£	£
DCSF annual grants	23,096,238	21,075,948
DCSF capital grants	25,692,072	6,800,868
Other government grants	-	84,185
LEA annual grants	540,730	1,422,311
LEA capital grants	2,400,000	-
	<u>51,729,040</u>	<u>29,383,312</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.

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	2009	2008
	£	£
Staff costs	14,167,769	13,224,828
Educational resources	1,325,509	1,391,307
Premises costs	1,523,110	1,280,104
Technology costs	36,726	31,577
	<u>17,053,114</u>	<u>15,927,816</u>
Depreciation	1,234,881	1,336,782
Loss on disposal of fixed assets	4,197	-
	<u>18,292,192</u>	<u>17,264,598</u>

THE EMMANUEL SCHOOLS FOUNDATION
Notes to the accounts
for the year ended 31 August 2009

5 Support costs	2009	2008
	£	£
Staff costs	2,250,409	2,183,827
Premises costs	460,150	489,921
Technology costs	10,859	37,459
Other support costs	752,202	351,172
	<u>3,473,620</u>	<u>3,062,379</u>
Depreciation	397,017	633,572
Loss on disposal of fixed assets	2,173	-
	<u><u>3,872,810</u></u>	<u><u>3,695,951</u></u>

6 Governance costs	2009	2008
	£	£
Staff costs	1,829,563	1,868,224
Premises costs	429,889	378,253
Technology costs	10,352	10,213
Administration costs	351,725	233,060
	<u>2,621,529</u>	<u>2,307,750</u>
Depreciation	334,907	438,807
Loss on disposal of fixed assets	1,068	-
	<u><u>2,957,504</u></u>	<u><u>2,746,557</u></u>

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	2009	2008
	£	£
This is stated after charging		
Depreciation of owned fixed assets	1,996,805	2,409,161
Loss on disposal of fixed assets	7,438	-
Directors' remuneration (for Bede Academy (Project Management) Ltd)		
- Salaries	109,833	69,646
- Pensions	7,840	5,572
Auditors' remuneration		
- Statutory audit	25,261	26,837
- Internal audit	22,237	11,998
	<u><u>2,189,383</u></u>	<u><u>2,513,614</u></u>

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9 Staff costs	2009	2008
	£	£
Wages and salaries	15,194,922	14,349,634
Social security costs	1,109,000	1,066,625
Other pension costs	1,943,819	1,678,620
	<u>18,247,741</u>	<u>17,094,879</u>
	<u><u>18,247,741</u></u>	<u><u>17,094,879</u></u>
Average number of employees during the year	Number	Number
Teaching	320	275
Teaching support and administration	197	206
	<u>517</u>	<u>481</u>
	<u><u>517</u></u>	<u><u>481</u></u>
Number of staff who have earned.	Number	Number
£60,000 to £70,000	6	7
£70,000 to £80,000	-	-
£80,000 to £90,000	-	-
£90,000 to £100,000	1	-
£100,000 to £110,000	2	3
£120,000 to £130,000	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

The ten 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. Three of the Foundation's Trustees were reimbursed for out of pocket expenses amounting to £5,320 (2008 - £3,915) during the year, and one Trustee received remuneration from Bede Academy (Project Management) Limited for management services to that company (as shown in Note 8)

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10 Tangible fixed assets

Group

	Freehold land & buildings	Leasehold land & buildings £	Plant & machinery £	Assets under construction £	Total £
Cost					
At 1 September 2008	32,197,404	26,566,271	9,037,813	-	67,801,488
Additions	23,694	24,756,396	4,424,050	815,735	30,019,875
Disposals	-	-	(650,510)	-	(650,510)
Transfer		(11,356)	11,356	-	-
At 31 August 2009	32,221,098	51,311,311	12,822,709	815,735	97,170,853
Depreciation					
At 1 September 2008	4,360,959	1,918,685	6,535,493	-	12,815,137
Charge for the year	592,361	397,551	976,893	-	1,966,805
Disposals	-	-	(629,344)	-	(629,344)
At 31 August 2009	4,953,320	2,316,236	6,883,042	-	14,152,598
Net book value					
At 31 August 2009	27,267,778	48,995,075	5,939,667	815,735	83,018,255
At 31 August 2008	27,836,445	24,647,586	2,502,320	-	54,986,351

Company

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

11 Investments

Group and Company

	Investments in subsidiary undertakings £
Cost	
At 1 September 2008 and 31 August 2009	1

As at 31 August 2009 the Foundation held 20% or more of the share capital of the following UK registered companies

Name	Shares held Class	%
EC Educational Services Limited	Ordinary	100

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12 Debtors	Group 2009 £	Group 2008 £	Charity 2009 £	Charity 2008 £
Trade debtors	176,732	318,087	-	-
Amounts due from subsidiaries	-	-	-	72,048
Other debtors	271,248	179,550	-	-
Prepayments and accrued income	2,802,974	1,465,584	7,700	3,310
	<u>3,250,954</u>	<u>1,963,221</u>	<u>7,700</u>	<u>75,358</u>

13 Creditors amounts falling due within one year

	Group 2009 £	Group 2008 £	Charity 2009 £	Charity 2008 £
Trade creditors	3,673,606	2,224,221	2,317	-
Amounts owed to subsidiaries	-	-	-	105,356
Taxes and social security costs	401,471	377,604	-	-
Other creditors	240,488	451,864	-	-
Accruals	603,870	453,632	-	-
Deferred income	62,405	106,643	4,282	4,500
	<u>4,981,840</u>	<u>3,613,964</u>	<u>6,599</u>	<u>109,856</u>

Deferred income represents grant income received in advance of the academic year to which it relates

14 Restricted funds

	Balance at 1 Sep 2008 £	Incoming resources £	Outgoing resources £	Balance at 31 Aug 2009 £
Restricted income funds				
- Emmanuel College income fund	553,615	7,293,714	(7,857,246)	(9,917)
- Emmanuel College PF&F fund	38,600	5,233	(4,916)	38,917
- The King's Academy income fund	1,254,956	8,405,252	(9,134,159)	526,049
- Trinity Academy income fund	998,356	8,004,956	(8,067,493)	935,819
- Trinity Academy Alumni fund	6,326	-	-	6,326
- Bede Academy income fund	(6,480)	661,521	(742,586)	(87,545)
	<u>2,845,373</u>	<u>24,370,676</u>	<u>(25,806,400)</u>	<u>1,409,649</u>

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for the year ended 31 August 2009

14 Restricted funds (continued)

Restricted fixed asset funds				
- Emmanuel College building fund	7,858,433	157,758	(89,304)	7,926,887
- The King's Academy building fund	18,160,588	982,032	(493,785)	18,648,835
- Trinity Academy building fund	22,278,852	63,362	(908,060)	21,434,154
- Bede Academy building fund	6,688,478	28,319,901	-	35,008,379
	<u>54,986,351</u>	<u>29,523,053</u>	<u>(1,491,149)</u>	<u>83,018,255</u>

The four income funds represent DCSF and LEA funding including a General Annual Grant (GAG) 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 GAG. Of the carried forward amount 2% of the GAG 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.

15 Reconciliation of operating surplus to net cash inflow from operating activities

	2009 £	2008 £
Operating surplus	26,599,381	5,789,650
Loss on disposal of fixed assets	7,438	-
Depreciation charges	1,966,805	2,409,161
Actuarial loss on pension scheme	(263,000)	(528,000)
Increase in debtors	(1,287,733)	(1,359,803)
(Decrease) increase in creditors	(858,196)	2,291,957
	<u>26,164,695</u>	<u>8,602,965</u>
Net cash inflow from operating activities	26,164,695	8,602,965

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for the year ended 31 August 2009

16 Reconciliation of net cash flow to movement in net funds	2009 £	2008 £
(Decrease) increase in cash in the year	(977,216)	1,742,455
Change in net debt	(977,216)	1,742,455
Net funds at 1 September	6,802,891	5,060,436
Net funds at 31 August	5,825,675	6,802,891

17 Analysis of changes in net debt

	At 1 Sep 2008 £	Cash flows £	Non-cash changes £	At 31 Aug 2009 £
Cash at bank and in hand	6,802,891	(977,216)	-	5,825,675
Total	6,802,891	(977,216)	-	5,825,675

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 subsidiary 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

The Trustees are not aware of any further contingent liabilities as at 31 August 2009

19 Related parties

The following related party transactions requiring disclosure under 'FRS8 Related Party Transactions' took place during the year

	Purchases £
Vardy Property Group Limited (occupancy costs)	75,817
Ferguson Removals Limited (storage and transportation)	6,112

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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 2009 was £1,943,819 (2008 £1,678,620) of which £1,531,249 (2008 £1,413,077) relates to the TPS, £42,089 (2008 £47,416) relates to Norwich Union and £370,481 (2008 £218,127) relates to the two Local Government Pension 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 scheme. The Group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the Group has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The 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.

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, (TPA) 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.

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for the year ended 31 August 2009

20 Pension commitments (continued)

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 TPA 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

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for the year ended 31 August 2009

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 2009 were £486,156 of which employer's contributions totaled £370,481 and employees' contributions totaled £115,675. The agreed contribution rates for the year ended 31 August 2009 were 13.7% for King's Academy plus 14.5% for Trinity Academy 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 2009 by qualified independent actuaries.

The major assumptions made by the actuary of each scheme as at 31 August are set out below.

The King's Academy	2009	2008	2007	2006	2005
Price increases	3.4%	4.0%	3.5%	3.2%	2.9%
Salary increases	5.4%	6.0%	5.0%	5.2%	4.9%
Pension Increases	3.4%	4.0%	3.5%	3.2%	2.9%
Discount rate	5.4%	6.3%	5.8%	5.0%	5.1%
Trinity Academy	2009	2008	2007	2006	2005 [†]
Price increases	3.3%	3.6%	3.1%	2.9%	n/a
Salary increases	4.8%	5.1%	4.9%	4.7%	n/a
Pension Increases	3.3%	3.6%	3.1%	2.9%	n/a
Discount rate	7.1%	6.1%	5.4%	4.9%	n/a

The expected long term rates of return were

The King's Academy	2009	2008	2007	2006	2005
Equities	7.1%	7.7%	7.9%	7.5%	7.5%
Gilts	4.0%	4.6%	4.8%	4.4%	4.5%
Other bonds	5.4%	6.3%	5.8%	5.1%	5.3%
Property	6.6%	7.2%	7.4%	7.0%	7.0%
Cash	3.0%	5.0%	6.0%	4.5%	4.3%
Trinity Academy	2009	2008	2007	2006	2005 [†]
Equities	7.5%	7.5%	7.5%	7.0%	n/a
Gilts	4.0%	4.6%	4.7%	4.3%	n/a
Other bonds	6.0%	6.1%	5.4%	4.9%	n/a
Property	6.5%	6.5%	6.5%	6.0%	n/a
Cash	0.5%	5.3%	5.2%	4.5%	n/a

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20 Pension commitments (continued)

Each Academy's share of the assets and liabilities in the schemes as at 31 August were

The King's Academy	2009 £ 000	2008 £ 000	2007 £ 000	2006 £ 000	2005 £ 000
Equities	1,731	1,473	1,138	1,255	996
Gilts	194	187	540	161	143
Other bonds	37	24	22	21	31
Property	76	89	96	80	68
Cash	138	222	202	156	114
Total fair value of assets	2,176	1,995	1,998	1,673	1,352
Present value of scheme liabilities	(3,104)	(2,460)	(1,931)	(1,860)	(1,474)
Net pension (liability) asset	(928)	(465)	67	(187)	(122)
Trinity Academy	2009 £ 000	2008 £ 000	2007 £ 000	2006 £ 000	2005[†] £ 000
Equities	567	628	586	479	-
Gilts	162	152	133	112	-
Other bonds	71	74	61	58	-
Property	101	115	104	79	-
Cash	46	30	6	11	-
Total fair value of assets	947	999	890	739	-
Present value of scheme liabilities	(1,143)	(1,252)	(1,035)	(913)	-
Net pension liability	(196)	(253)	(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	
	2009 £ 000	2008 £ 000	2009 £ 000	2008 £ 000
Employer service cost	216	195	(133)	(103)
Past service cost	-	-	-	(16)
Curtailment and Settlement	12	-	-	-
Total operating charge	228	195	(133)	(119)

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20 Pension commitments (continued)

Analysis of pension finance return (cost)

	The King's Academy		Trinity Academy	
	2009	2008	2009	2008
	£ 000	£ 000	£ 000	£ 000
Expected return on employers share of scheme assets	148	129	70	62
Interest on pension liabilities	(163)	(118)	(82)	(60)
Pension finance return	(15)	11	(12)	2

Amount recognised in the statement of financial activities

	The King's Academy		Trinity Academy	
	2009	2008	2009	2008
	£ 000	£ 000	£ 000	£ 000
Actual return less expected return on scheme assets	(168)	(140)	(254)	(67)
Experience gains and losses arising on scheme liabilities	-	(152)	365	13
Changes in assumptions underlying the present value of the scheme liabilities	(206)	(182)	-	-
Actuarial (loss) gain recognised	(374)	(474)	111	(54)

Movement in deficit during the year

	The King's Academy		Trinity Academy	
	2009	2008	2009	2008
	£ 000	£ 000	£ 000	£ 000
(Deficit) Surplus at 1 September	(465)	67	(253)	(145)
Change in asset valuation	-	(1)	-	-
Current service cost	(216)	(195)	(133)	(103)
Employer contributions	154	136	93	63
Past service costs	-	(9)	(2)	(16)
Other finance income	(15)	11	(12)	2
Settlements curtailments	(12)	-	-	-
Actuarial (loss) gain	(374)	(474)	111	(54)
(Deficit) surplus at 31 August	(928)	(465)	(196)	(253)

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20 Pension commitments (continued)

History of experience gains and losses

The King's Academy	2009	2008
	£ 000	£ 000
Difference between the expected and actual return on assets	(168)	(140)
Value of assets	2,176	1,995
<i>Percentage of assets</i>	<i>(7.7%)</i>	<i>(7.0%)</i>
Experience gains (losses) on liabilities		
Present value of liabilities	3,104	2,460
<i>Percentage of the present value of liabilities</i>	<i>0.00%</i>	<i>0.0%</i>
Actuarial gains (losses) recognised	(374)	(474)
Present value of liabilities	3,104	2,460
<i>Percentage of the present value of liabilities</i>	<i>(12.0%)</i>	<i>(19.2%)</i>
Trinity Academy	2009	2008
	£ 000	£ 000
Difference between the expected and actual return on assets	(254)	(71)
Value of assets	947	999
<i>Percentage of assets</i>	<i>(26.8%)</i>	<i>(7.1%)</i>
Experience gains (losses) on liabilities	-	4
Present value of liabilities	1,143	1,252
<i>Percentage of the present value of liabilities</i>	<i>0.0%</i>	<i>0.3%</i>
Actuarial gains (losses) recognised	111	(54)
Present value of liabilities	1,143	1,252
<i>Percentage of the present value of liabilities</i>	<i>(9.7%)</i>	<i>(4.3%)</i>