

Company no. 06526376  
Charity no. 1124189

**Edutrust Academies Charitable Trust**  
**Report and Financial Statements**  
**31 August 2009**

WEDNESDAY



\*LV21DGFR\*

LD4

06/01/2010

33

COMPANIES HOUSE

## **Edutrust Academies Charitable Trust**

### **Reference and administrative details**

**For period ended 31 August 2009**

---

<b>Company number</b>	06526376	
<b>Charity number</b>	1124189	
<b>Registered office</b>	2-6 Cannon Street London EC4M 6YH	
<b>Operational address</b>	Sixth Floor 81 Oxford Street London W1D 2EU	
<b>Principal staff</b>	Director General Director of Finance Director of Law and Company Secretary	Sir Bruce Liddington John Richmond  Christopher Balderstone
<b>Bankers</b>	Habib Bank AG Zurich 42 Moorgate, The City London EC2R 6EL  HSBC 60 Queen Victoria Street London EC4N 4TR	
<b>Solicitors</b>	Pinsent Masons LLP 30 Aylesbury Street London EC1R 0ER	
<b>Company Secretarial</b>	Baites Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH	
<b>Auditors</b>	Sayer Vincent Chartered accountants and registered auditors 8 Angel Gate City Road London EC1V 2SJ	

## **Edutrust Academies Charitable Trust**

### **Report of the directors**

#### **For period ended 31 August 2009**

---

The directors of Edutrust Academies Charitable Trust (EACT) present their report and the audited financial statements of EACT for the period from incorporation on 6 March 2008 to 31 August 2009. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 15 to 17 of the attached financial statements, and comply with the company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ("SORP 2005").

### **Structure, governance and management**

#### **Constitution**

EACT is a company limited by guarantee and a registered charity. EACT's memorandum and articles of association are its primary governing documents. EACT's principal activity is to establish, maintain, manage and develop schools, colleges and academies in Britain with a focus on inclusivity and educational excellence.

The members and directors of EACT during the period were as follows:

<b>Members</b>	<b>Appointed</b>	<b>Resigned</b>
British Edutrust Foundation	6 March 2008	9 March 2009
Lord Amir Bhatia	6 March 2008	9 March 2009
Shabir Randeree	31 March 2008	7 April 2009
Noorzaman Rashid (Chairman)	31 March 2008	
Sir Bruce Liddington	9 March 2009	
Sheila Scales	6 April 2009	
David Reynolds	17 July 2009	
<b>Directors</b>		
Lord Amir Bhatia	6 March 2008	9 March 2009
Shabir Randeree	31 March 2008	9 March 2009
Noorzaman Rashid (Chairman)	31 March 2008	
Ilyas Khan	17 September 2008	9 March 2009
Sir Bruce Liddington (Director General)	9 March 2009	
David Mallen	9 March 2009	
Mark Greatrex	9 March 2009	15 May 2009
Sheila Scales	17 July 2009	
David Reynolds	17 July 2009	
John T Hall	4 September 2009	
Ben Green	4 September 2009	
Sue Kayser	4 September 2009	
Tom Peryer	4 September 2009	
Stephen Perry	23 October 2009	
Ann Limb	23 October 2009	

## **Edutrust Academies Charitable Trust**

### **Report of the directors**

**For period ended 31 August 2009**

---

#### **Governance**

The company was originally associated with British Edutrust Foundation, a company limited by guarantee and a registered charity, until 9 March 2009 when links between the companies were formally terminated and on which date Noorzaman Rashid succeeded Lord Amir Bhatia as chairman of the company.

The company's memorandum and articles of association were varied by formal resolution on 28 May 2009 with the approval of the Secretary of State for Children, Schools and Families and the rights and powers of the Principal sponsor were vested in the members, including those relating to the appointment of directors. The memorandum and articles of association prescribe the appointment of local governing body chairs to represent the academies and four directors were duly appointed on 4 September 2009 and serve for so long as they remain chair of an EACT academy local governing body.

Where the board notes areas where the capacity of the board or its committees could be increased, individuals are identified and interviewed by the chairman, director general and company secretary. Thereafter, the board is informed and those individuals appointed. Members' resolutions are passed to confirm the appointment of new directors. The four chairs of governors who were elected to the board were appointed by virtue of the articles and the process agreed by the board to implement the articles.

The power to appoint new directors is vested in the members (Noorzaman Rashid, Sir Bruce Liddington, Sheila Scales and David Reynolds). These individuals also comprise the nominations committee. Any new directors would normally be appointed by virtue of a written resolution of the members.

The board requested that the company secretary should formulate an induction for each new director. The company secretary has met formally with each new director to discuss the legal identity of the company, explain the implications of charitable status, receive a copy of the articles of association, review policies on conflicts of interest and expenses and complete the papers for registering the new director at Companies House. Other papers as recommended by ICOSA are made available to new directors. Training will be undertaken through the year and individual requests for bespoke training or guidance are dealt with on demand.

There are further provisions in the memorandum and articles of association for the appointment of one parent governor from the local governing bodies. No parent governor has been appointed as a director at this time.

Directors generally serve for 4 years and may be reappointed.

#### **Management**

The running of the day to day management of EACT is delegated by the board to Sir Bruce Liddington, the director general.

## **Edutrust Academies Charitable Trust**

### **Report of the directors**

**For period ended 31 August 2009**

---

#### **Risk management**

The directors are responsible for identifying the risks faced by EACT, establishing procedures to manage these risks, and ensuring that employees are aware of those procedures and of the implications of failing to implement them. They also delegate the risk management of each of EACT's academies to the local governing body. Risk management processes and practices are regularly reviewed at each academy and by the directors. Insurance cover is maintained to provide against any significant financial risk across EACT and its academies.

#### **OBJECTIVES, ACTIVITIES AND THE ACHIEVEMENTS OF THE ORGANISATION IN THE DELIVERY OF PUBLIC BENEFIT**

EACT is an education foundation established to promote excellence in education and learning. Currently it is achieving benefit to the public by the opening of academies across England as part of a major programme of investment in educational centres of excellence, which is also central to its charitable objects.

Under the direction of the director general, Sir Bruce Liddington, EACT works in partnership with individual schools, their communities, local authorities and with all stakeholders who have an interest in education as part of the government's academies programme.

The focus of EACT is to support young people in achieving their true potential. The company is committed to significantly improving students' ambitions, aspirations, learning, achievement and personal development, irrespective of their ability, gender, faith or race.

EACT is creating academies that are inclusive and provide for all students who will learn and develop together reflecting the multi-racial, multi-faith and multi-cultural nature of 21st Century Britain.

The ethos and values of EACT support and develop a culture where students' individual faith and cultural requirements are recognised, respected and celebrated. EACT is committed to fostering the tolerance and respect for others which leads to greater community cohesion.

EACT provides benefits to the public through its academies and by achieving the following objectives

- To raise educational standards by adding value through innovation, specialisms and by creating new opportunities for students
- To provide a culturally inclusive ethos which values diversity, greater integration and community cohesion
- To create awareness of environmental issues facing the world and to develop innovative projects in which young people can participate
- To establish an endowment fund from which students and staff can benefit including scholarships for higher education and access to personal ICT resources and incentives for staff
- To enable parents/carers and local communities to benefit from the facilities of each academy for education, training, health, fitness and recreation.

We, the board, have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the directors consider how planned activities will contribute to the aims and objectives they have set.

## **Edutrust Academies Charitable Trust**

### **Report of the directors**

#### **For period ended 31 August 2009**

---

In September 2008, Trent Valley Academy opened in Gainsborough, Lincolnshire replacing two predecessor schools. The 1,083 students moved into a brand new school building in September 2009 on a new site in Gainsborough.

During the period, EACT was involved in the development of a number of academy projects. Six of these opened in September 2009:

- Heartlands Academy (Birmingham)
- Shenley Academy (Birmingham)
- Parkwood Academy (Sheffield)
- Leeds West Academy (Leeds)
- Crest Boys' Academy (Brent)
- Crest Girls' Academy (Brent)

In January 2010, EACT will open North Birmingham Academy, to replace The College High School and in September 2010, an academy in Oldham to replace The Grange School. EACT is currently bidding to become the lead sponsor to a number of academy projects across England. The company's ambition is to sponsor at least 20 academies. EACT has, through the period, built an experienced project management team to work on the academy projects and plan to build on this capacity to work not just on its own projects but to use the skills and expertise within the organisation in the wider education environment.

### **FINANCIAL REVIEW**

#### **Financial report for the year**

EACT's income is mainly derived from the Department for Children Schools and Families (DCSF). This comes in the form of grants to fund each academy, and also, where EACT acts as project manager during the feasibility and implementation phases of the development of its academies, it receives grants from the DCSF for the associated work.

These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2009, total expenditure of £13.2m was more than covered by recurrent grant funding from the DCSF together with other incoming resources. The excess of income over expenditure for the year before transfers and the pension scheme actuarial movement was £2.4m. This surplus arises mainly due to the income received for fitting the IT equipment and other fixtures and fittings to Trent Valley Academy's new building, the corresponding expenditure arising has been capitalised and will start to be depreciated from September 2009, as the assets come into use. At 31 August 2009 the net book value of fixed assets was £2.5m. Of this amount, £1.8m relates to the expenditure on IT and £0.7m on fixtures and fittings.

## **Edutrust Academies Charitable Trust**

### **Report of the directors**

**For period ended 31 August 2009**

---

#### **Reserves policy**

The level of reserves takes into account the nature of income and expenditure streams, the need to match income to commitments and the nature of reserves. EACT academies are funded on a monthly basis by DCSF grant funding, therefore the income fairly matches the expenditure for each academy, the majority of which relates to staff costs, and because the financial year equates to the academic year. EACT does therefore not require reserves to meet its operating costs.

Academies are restricted from building reserves from revenue grants up to a 2% maximum by DCSF. Academies may retain larger reserves for capital purposes, however it is not anticipated that EACT academies will be generating significant surpluses to use against capital projects as their new buildings will mainly be funded by the Building Schools for the Future programme. Academies are permitted to roll forward Start Up Grants that are received when the academy opens. Given the above, it is expected that EACT will retain extra reserves of between £1m and £1.5m by the end of the next financial period. However, this will be mitigated by the requirement for EACT to account for any pension deficit arising from its obligations in the next financial year.

Whilst EACT is growing, it is not anticipated that significant reserve levels will be built other than those allowed at each academy as described above. As the company grows it is expected that it will start to raise funds independently which will be held in reserve for the use of its academies as appropriate. The directors will review this policy annually.

#### **Financial position**

At 31 August 2009, EACT held balances of £1.7m comprising, £1.6m of restricted funds and £10,000 of unrestricted funds. The restricted funds include a pension reserve deficit of £725,000.

Income and expenditure for the next financial year is set to rise significantly from current levels as EACT will be receiving grants for its new academies and incurring the expenditure associated with running them.

#### **Statement of responsibilities of the directors**

The directors are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the directors 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

## **Edutrust Academies Charitable Trust**

### **Report of the directors**

#### **For period ended 31 August 2009**

---

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

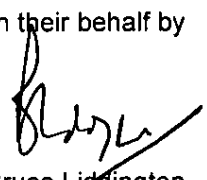
Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. The directors also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 August 2009 was 4. Four of the members are directors of the charity but this entitles them only to voting rights. The directors have no beneficial interest in the charity.

#### **Auditors**

Sayer Vincent were appointed as the charitable company's auditors during the period and have expressed their willingness to continue in that capacity.

Approved by the directors on 5/11/10 and signed on their behalf by

  
Sir Bruce Liddington  
Director General



## **Independent auditors' report**

### **To the members of**

#### **Edutrust Academies Charitable Trust**

---

We have audited the financial statements of Edutrust Academies Charitable Trust for the period ended 31 August 2009 which comprise the statement of financial activities, balance sheet, cash flow statement, principal accounting policies and related notes. These financial statements have been prepared in accordance with 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 charitable 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

The responsibilities of the directors (who are also the trustees of Edutrust Academies Charitable Trust for the purposes of charity law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the statement of responsibilities of the directors.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the annual report of the directors is consistent with the financial statements. In addition, we report to you if, in our opinion, the charitable company 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 the directors' remuneration and other transactions is not disclosed.

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

#### **Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

## **Independent auditors' report**

**To the members of**

### **Edutrust Academies Charitable Trust**

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 financial statements 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 financial statements.

#### **Opinion**

**In our opinion:**

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the charitable company's state of affairs as at 31 August 2009 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families in respect of the relevant financial period; and
- proper accounting records have been kept by the charitable company throughout the financial period; and
- grants made by the Department for Children, Schools and Families have been applied for the purposes intended; and
- the information given in the report of the directors is consistent with the financial statements.



6 January 2010

**SAYER VINCENT**  
Chartered accountants & registered auditors  
London

**Edutrust Academies Charitable Trust**

**Statement of Financial Activities**

**For the period ended 31 August 2009**

			Restricted Fixed Asset Funds	Unrestricted	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
	Note	Restricted £000	£000	£000	
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	-	-	131	<b>131</b>
Investment Income	3	-	-	40	<b>40</b>
Rental Income	4	-	-	14	<b>14</b>
<i>Incoming resources from charitable activities</i>					
Funding for educational operations	5	<u>13,237</u>	<u>1,672</u>	<u>480</u>	<b><u>15,389</u></b>
<b>Total incoming resources</b>		<u>13,237</u>	<u>1,672</u>	<u>665</u>	<b><u>15,574</u></b>
<b>Resources expended</b>					
<i>Charitable activities</i>					
Expenditure on educational operations	7	12,407	39	570	<b>13,016</b>
<i>Governance costs</i>		<u>65</u>	<u>-</u>	<u>85</u>	<b><u>150</u></b>
<b>Total resources expended</b>		<u>12,472</u>	<u>39</u>	<u>655</u>	<b><u>13,166</u></b>
<b>Net incoming resources before transfers and other recognised gains and losses</b>					
	8	765	1,633	10	<b>2,408</b>
Net loss on investments		(2)	-	-	<b>(2)</b>
Pension deficit acquired on transfer in of academy	16	(354)	-	-	<b>(354)</b>
Actuarial losses on defined benefit pension schemes	16	<u>(397)</u>	<u>-</u>	<u>-</u>	<b><u>(397)</u></b>
<b>Net movement in funds</b>		<u>12</u>	<u>1,633</u>	<u>10</u>	<b><u>1,655</u></b>
Total funds brought forward		<u>-</u>	<u>-</u>	<u>-</u>	<b><u>-</u></b>
<b>Total funds carried forward</b>		<u>12</u>	<u>1,633</u>	<u>10</u>	<b><u>1,655</u></b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

**Edutrust Academies Charitable Trust**

**Income and Expenditure Account**

**For the period ended 31 August 2009**

	Note	<b>Eighteen Months Ended 31 August 2009 £000</b>
<b>Income</b>		
DCSF GAG grants	1	6,289
GAG allocation for current period - Start up grants	1	1,146
DCSF project management grants	5	4,204
DCSF other grants	5	168
Other government grants	5	3,102
Private sponsorship and donations	2	131
Interest receivable	3	40
Catering and Lettings income		191
Other income		303
<b>Total income</b>		<b>15,574</b>
<b>Expenditure</b>		
Academy operational expenditure		8,215
Other DCSF grant expenditure		4,914
Depreciation		39
<b>Total expenditure</b>	6	<b>13,168</b>
<b>Excess of income over expenditure</b>		<b>2,406</b>
<b>Statement of total recognised gains and losses for the period ended 31 August 2009</b>		
		<b>2009 £</b>
Excess of income over expenditure		2,406
Actuarial loss on transfer of academy	14	(354)
Actuarial losses on defined benefit pension schemes	14	(397)
<b>Total recognised gains and losses for the year</b>		<b>1,655</b>
<b>Net movement to/(from) funds</b>		
Restricted funds		1,645
Unrestricted funds		10
		<b>1,655</b>

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 10 which, together with the notes to the financial statements on pages 18 to 31 provides full information on the movements during the year on all the funds of the charitable company.

All of the charitable company's activities derived from continuing operations during the above financial period.

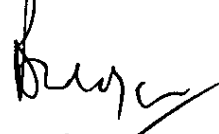
# **Edutrust Academies Charitable Trust**

## **Balance sheet**

**As at 31 August 2009**

	Note	2009 £000
<b>Fixed assets</b>		
Tangible fixed assets	10	2,571
Investments	11	-
		<u>2,571</u>
<b>Current assets</b>		
Debtors	12	3,215
Cash at bank and in hand		<u>984</u>
		4,199
<b>Current liabilities</b>		
Creditors: amounts due within one year	13	<u>4,390</u>
<b>Net current liabilities</b>		<u>(191)</u>
<b>Net assets excluding pension liability</b>		<u>2,380</u>
Pension scheme liability	16	<u>(725)</u>
<b>Net assets including pension liability</b>	15	<u><u>1,655</u></u>
<b>Funds</b>		
<b>Restricted funds in surplus</b>		
Restricted fixed asset fund	14	1,633
Restricted general fund - DCSF	14	737
<b>Restricted funds in deficit</b>		
Pension reserve	16	(725)
<b>Unrestricted funds</b>		
General funds	14	<u>10</u>
<b>Total funds</b>		<u><u>1,655</u></u>

Approved by the directors on 5/1/10 and signed on their behalf by

  
Director General

**Edutrust Academies Charitable Trust****Cash flow statement****For the period ended 31 August 2009**

		<b>Eighteen Months Ended 31 August 2009 £000</b>
<b>Operating activities</b>	<b>Note</b>	
<b>Receipts</b>		
Recurrent grants received from DCSF		
General Annual Grant (GAG)	1	7,435
Other grants	1	168
Other receipts from the DCSF		3,013
Other Government receipts	1	501
Donated services	2	131
Other receipts		875
		<u>12,123</u>
<b>Payments</b>		
Staff costs		(7,916)
Other cash payments		<u>(2,619)</u>
		<u>(10,535)</u>
<b>Net cash inflow from operating activities</b>		<u>1,588</u>
<b>Returns on investments and servicing of finance</b>		
Interest received	3	40
Interest paid		-
		<u>40</u>
<b>Taxation</b>		<u>-</u>
<b>Capital (expenditure)/income</b>		
Capital grants from DCSF		126
Other capital grants received from central and local government		109
Purchase of tangible fixed assets		<u>(879)</u>
		<u>(644)</u>
<b>Management of liquid resources and financing</b>		
<b>Increase in cash</b>		<u>984</u>

**Edutrust Academies Charitable Trust**

**Cash flow statement**

**For the period ended 31 August 2009**

	Note	<b>Eighteen Months Ended 31 August 2009 £000</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase in cash		<u>984</u>
		<u>984</u>
<b>Change in net funds</b>		
Net funds at 6 March 2008		-
Net funds at 31 August 2009	1	<u>984</u>
		<u>984</u>

**Note to the cash flow statement**

**1 Analysis of changes in net funds**

	At 6 March 2008 £	Cash flows £	At 31 August 2009 £000
Cash in hand and at bank	-	984	<u>984</u>
	-	<u>984</u>	<u>984</u>

## **Edutrust Academies Charitable Trust**

### **Principal Accounting Policies**

**For the period ended 31 August 2009**

---

#### **Format of financial statements**

The standard format for the financial statements as required by the Companies Act 1985 schedule 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (Charities SORP 2005) and reflects the activities of the company.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Charities SORP 2005.

#### **Incoming resources**

##### ***Grants receivable***

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

##### ***Sponsorship income***

Sponsorship income provided to the company which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

##### ***Donations***

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

##### ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the company is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the company in the period in which they are receivable, and where the benefit is both quantifiable and material.

##### ***Interest receivable***

Interest receivable is included within the statement of financial activities on a receivable basis.

#### **Resources Expended**

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

#### **Allocation of costs**

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the company's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.



## **Edutrust Academies Charitable Trust**

### **Principal Accounting Policies**

**For the period ended 31 August 2009**

---

#### **Governance costs**

Governance costs include the costs attributable to the company's compliance with constitutional and statutory requirements, including external audit, legal costs associated with the governance of the company inclusive of board expenses and a proportion of staff costs and overheads.

#### **Fund accounting**

General funds represent those resources which may be used towards meeting any of the objects of the company at the discretion of the directors.

Restricted funds comprise of grants from the DCSF and other donors which are to be used for specific purposes as explained in note 14.

#### **Tangible fixed assets**

Tangible fixed assets acquired since the company was established are included in the accounts 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 expected useful lives. No depreciation is provided on freehold land. The principal useful lives for other assets are:

IT equipment	3-5 years
Fixtures and Fittings	3-5 years
Software	Life of the licence

Assets costing more than £500 are capitalised. Items bought in bulk which individually cost less than £500 may be capitalised.

#### **Investments**

Listed investments held as fixed assets are revalued at mid-market value at the balance sheet date. The gain or loss for the period is taken to the statement of financial activities. Income from listed investments is recognised as income as received by the charitable company. The charitable company does not pay an annual management fee for its portfolio, only a commission to brokers on each transaction. Such commission on purchases is capitalised into the cost of investment, and on sales is deducted from the proceeds prior to calculation of an gain or loss.

#### **Leased assets**

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

#### **Taxation**

EACT is a registered charity and as such is exempt from income tax and corporation tax under the provisions of the Income and Corporation Taxes Act. The cost of irrecoverable VAT incurred by EACT has been included in the statement of financial activities.

## **Edutrust Academies Charitable Trust**

### **Principal Accounting Policies**

**For the period ended 31 August 2009**

---

#### **Pensions**

EACT staff are members of one of two pension schemes, both of which are defined benefit schemes. More details of the schemes are given in note 16.

#### ***Defined benefit schemes***

##### **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 Company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Company has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 scheme 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 Company in the period.

##### **Local Government Pension Scheme**

Non teaching members of academy staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Company's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Company's share of the LGPS assets are 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.

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

**1. General annual grant (GAG)**

**Results and carry forward for the year**

	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
GAG brought forward from previous year	-
GAG allocation for current period - Start up grants	1,146
GAG allocation for current period - Other grants	<u>6,289</u>
<b>Total GAG available to spend</b>	<b>7,435</b>
Recurrent expenditure from GAG	(6,539)
Fixed assets purchased from GAG	<u>(159)</u>
<b>GAG carried forward to next year</b>	<b><u>737</u></b>
<b>Comprising</b>	
Start up grants	482
GAG Carry forward - Revenue	255
GAG Carry forward - Capital	<u>-</u>
<b>GAG Total Carry Forward (excl Start up grants)</b>	<b>255</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(892)</u>
<b>GAG to surrender to DCSF</b>	<b><u>-</u></b>
(12% rule breached if result is positive)	(no breach)

**2. Voluntary income**

	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
Donated Services	<u>131</u>
	<u><u>131</u></u>

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

---

**3. Investment income**

	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
Interest receivable	<u>40</u>
	<u><u>40</u></u>

**4. Rental income**

	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
Rental income	<u>14</u>
	<u><u>14</u></u>

**5. Funding for educational operations**

	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
DCSF grants	
General Annual Grant (GAG) (note 1)	6,289
Start Up grants (note 1)	1,146
Project management grants	4,204
Other DCSF grants	<u>168</u>
	<u>11,807</u>
Other Government grants	
Local Authority Capital Grants	1,627
Local Authority Other	<u>1,475</u>
	<u>3,102</u>
Other Income	<u>480</u>
Total income for educational operations	<u><u>15,389</u></u>

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

**6. Resources Expended**

	Staff Costs £000	Depreciatio £000	Other £000	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
<b>Academy's educational operations</b>				
Direct Costs	5,717	-	1,291	7,008
Support Costs	-	22	1,057	1,079
<b>Project management and other operations</b>	2,142	17	2,772	4,931
<b>Governance costs</b>	83	-	67	150
	<b>7,942</b>	<b>39</b>	<b>5,187</b>	<b>13,168</b>

**7. Analysis of total resources expended**

	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
<b>Charitable activities</b>	
<b>Direct Costs</b>	
Teaching and educational support staff costs	5,717
Educational Supplies	1,194
Examination Fees	97
<b>Academy Support Costs</b>	
Maintenance of premises and equipment	103
Technology costs	61
Other occupancy costs	401
Catering Costs	217
Legal and professional fees	45
Other supplies and services	252
<b>Project management and other operations</b>	4,931
<b>Governance Costs</b>	150
	<b>13,168</b>

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

<b>8. Governance costs</b>	<b>Eighteen Months Ended 31 August 2009 Total £000</b>
Staff costs	83
Overheads	2
Legal and professional fees	45
Audit fees	20
	<u>150</u>

**9. Staff costs and numbers**

The average number of persons (including senior management team) employed during the period ended 31 August 2009 expressed as full time equivalents was as follows:

	<b>2009 No.</b>
<b>Charitable Activities</b>	
Teachers	66
Administration and support	128
Management	15
<b>Governance activities</b>	<u>-</u>
	<u>209</u>

Staff costs comprise:

	<b>2009 £000</b>
Wages and salaries	6,473
Social security costs	529
Other pension costs	627
Other staff costs	313
	<u>7,942</u>

Twelve employees earned more than £60,000 (including taxable benefits but excluding employers' pension contributions) during the eighteen month period ended 31 August 2009.

One of the directors is an employee of the company and that employee's remuneration is included in staff costs. Other than as disclosed below, no other directors of the company received any payment or other emoluments or reimbursement of travel and subsistence expenses in the course of their duties in the period nor held any beneficial interest in any contract with the company.

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

**9. Staff costs and numbers (continued)**

The total emoluments of the employees who earned over £60,000 are in the following ranges:

	<b>Eighteen Months Ended 31 August 2009 No.</b>
£60,001 - £70,000	5
£70,001 - £80,000	1
£80,001 - £90,000	1
£100,001 - £110,000	1
£130,001 - £140,000	1
£150,001 - £160,000	1
£160,001 - £170,000	1
£190,001 - £200,000	1
	<u>12</u>

Three of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the period ended 31 August 2009, pension contributions for these staff amounted to £32,598.

Included above is Sir Bruce Liddington, who as Director General was paid £154,583 during the period and was reimbursed £4,641 of expenses.

David Mallen, a director of EACT performed consultancy services for the company for which he was paid £31,300, of which he was owed £11,789 at the period end, and was reimbursed £2,512 of expenses in connection with those services.

**10. Tangible fixed assets**

	<b>Furniture &amp; equipment</b>	<b>Computer equipment &amp; software</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>			
Additions in period	<u>756</u>	<u>1,854</u>	<u>2,610</u>
At the end of the period	<u>756</u>	<u>1,854</u>	<u>2,610</u>
<b>Depreciation</b>			
Charge for the period	<u>22</u>	<u>17</u>	<u>39</u>
At the end of the period	<u>22</u>	<u>17</u>	<u>39</u>
<b>Net book</b>			
At the end of the period	<u>734</u>	<u>1,837</u>	<u>2,571</u>

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

**10. Tangible fixed assets (continued)**

The above net book value at 31 August 2009 represents fixed assets used for:

	<b>Furniture &amp; equipment</b>	<b>Computer equipment &amp; software</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Educational provision	722	1,684	<b>2,406</b>
Support services	12	153	<b>165</b>
	<b>734</b>	<b>1,837</b>	<b>2,571</b>

Source of funding for assets acquired

	<b>2009 £000</b>
DCSF capital grants	<b>1,672</b>
Other DCSF grants	<b>159</b>
Other government grants	<b>561</b>
General purpose fund (grant income)	<b>218</b>
Other funds (non grant income)	<b>-</b>
<b>Cost of fixed assets at 31 August 2009</b>	<b>2,610</b>
Less: Accumulated depreciation	<b>39</b>
<b>Net book value of fixed assets at 31 August 2009</b>	<b>2,571</b>

**11. Investments**

	<b>2009 £'000</b>
Additions at cost - 5.75% UK Treasury stock	<b>1,052</b>
Disposals at carrying value	<b>(1,050)</b>
Net loss on investments	<b>(2)</b>
Valuation at 31 August 2009	<b>-</b>
Historical cost	<b>-</b>

Of the £40,000 investment income recognised in note 3, £24,000 was earned directly from the possession of the above stock.



**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

<b>12. Debtors</b>	<b>2009</b>
	<b>£000</b>
Trade debtors	2,809
Prepayments	20
Sundry debtors	386
	<u>3,215</u>

<b>13. Creditors: amounts due within one year</b>	<b>2009</b>
	<b>£000</b>
Trade creditors	1,466
Taxation and social security	270
Sundry creditors	647
Accruals	2,007
	<u>4,390</u>

<b>14. Funds</b>	Transfer in at 1 September 2008 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	<b>Balance at 31 August 2009 £000</b>
<b>Restricted fixed asset</b>					
DCSF capital grants	-	1,672	(39)	-	1,633
	-	1,672	(39)	-	1,633
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,289	(6,034)	-	255
Start Up grants	-	1,146	(664)	-	482
Other DCSF grants	-	168	(168)	-	-
Other Government Grants	-	1,430	(1,430)	-	-
Implementation and Feasibility Grants	-	4,204	(4,204)	-	-
Local Government pension scheme	(354)	-	26	(397)	(725)
	(354)	13,237	(12,474)	(397)	12
<b>Unrestricted funds</b>					
Unrestricted funds	-	665	(655)	-	10
	-	665	(655)	-	10
<b>Total funds</b>	(354)	15,574	(13,168)	(397)	1,655

## Edutrust Academies Charitable Trust

### Notes to the financial statements

For the period ended 31 August 2009

#### 14. Funds (continued)

##### Notes

- (i) General Annual Grant must be used for the normal running costs of academies. Academies are allowed to carry forward up to 12% of the current General Annual Grant. Of the carried forward amount, up to 2% may be used for general purposes. Any balance over 2% must be used for capital purposes.
- (ii) Restricted general funds comprise grants from the DCSF and other bodies which relate to the company's operations.
- (iii) Restricted fixed assets comprise government grants for capital items.
- (iv) The pension reserve relates to the open academy's share of the deficit to the Local Government Pension Scheme overseen by Lincolnshire County Council.

#### 15. Analysis of net assets between funds

Fund balances at 31 August 2009 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Tangible fixed assets		938	1,633	2,571
Current assets	30	4,169	-	4,199
Current liabilities	(20)	(4,370)	-	(4,390)
Pension scheme liability	-	(725)	-	(725)
<b>Total restricted funds</b>	<b>10</b>	<b>12</b>	<b>1,633</b>	<b>1,655</b>

#### 16. Pension commitments

The Company's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff.

The total pension cost to the company during the period ended 31 August 2009 was £627,176 of which £383,053 relates to the TPS and £244,123 relates to LGPS.

##### Teachers Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit 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 authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and 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.

## **Edutrust Academies Charitable Trust**

### **Notes to the financial statements**

**For the period ended 31 August 2009**

---

#### **16. Pension commitments (continued)**

##### **The Teachers' Pension Account**

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

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

##### **Valuation of the Teachers' Pension Scheme**

Not less than every four years, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

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

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance the Scheme's assets and liabilities within 15 years as required by the regulations); a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at: [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions)

The pension cost charged in the financial statements for this scheme for the period end 31 August 2009 was £383,053 which were the contributions due for the period.

## **Edutrust Academies Charitable Trust**

### **Notes to the financial statements**

**For the period ended 31 August 2009**

---

#### **16. Pension commitments (continued)**

##### **Local government pension scheme**

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS) for Lincolnshire County Council.

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

The total contribution made for the period end 31 August 2009 was £322,080 of which employer's contributions totalled £244,123 and employees' contributions totalled £77,957. The agreed contribution rates for the period end 31 August 2009 were 18.9% for employers and between 5.5 and 7.5% for employees.

The following information is based upon a review of the scheme by a qualified independent actuary.

The major assumptions used by the actuary were:

	<b>2009</b>
Rate of increase in salaries	<b>4.9%</b>
Rate of increase in pensions	<b>3.4%</b>
Discount rate for liabilities	<b>5.4%</b>
Expected return on assets	<b>6.4%</b>
Inflation	<b>3.4%</b>

The post retirement mortality assumptions used to value the benefit obligation at 31 August 2009 are based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. The average future life expectancies at age 65 were as follows:

	<b>Males</b>	<b>Females</b>
Current pensioners	19.6 years	22.5 years
Future pensioners	20.7 years	23.6 years

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

	<b>Long-term rate of return expected at 31 August 2009</b>	<b>Value at 31 August 2009 £'000</b>
Equities	7.2%	841
Bonds	4.7%	247
Property	5.2%	136
Cash	4.3%	12
<b>Total fair value of assets</b>		<b>1,236</b>
Present value of scheme liabilities		<b>(1,961)</b>
<b>Net pension liability</b>		<b>(725)</b>

**Edutrust Academies Charitable Trust**

**Notes to the financial statements**

**For the period ended 31 August 2009**

---

**16. Pension commitments (continued)**

**Analysis of amount chargeable to income and expenditure account**

	2009 £000
Employer service cost (net of employee contributions)	203
Past service cost	-
<b>Total operating charge</b>	<b>203</b>

**Analysis of pension finance income (costs)**

	2009 £000
Expected return on pension scheme assets	81
Interest on pension liabilities	(97)
<b>Pension finance income (costs)</b>	<b>(16)</b>

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

	2009 £000
Actual return less expected return on scheme assets	(1)
Actuarial gains/(losses)	(396)
<b>Actuarial gain/(loss) recognised in the statement of financial activities</b>	<b>(397)</b>

**Movement in deficit during the period**

	2009 £000
Transfer in of Deficit in the scheme at 1 September 2008	(354)
Movement in period:	
Current service cost	(203)
Employer contributions	245
Past service costs	-
Pension finance income (costs)	(16)
Actuarial (loss) gain	(397)
<b>Deficit in the scheme at 31 August 2009</b>	<b>(725)</b>

**History of experience gains and losses**

## **Edutrust Academies Charitable Trust**

### **Notes to the financial statements**

**For the period ended 31 August 2009**

---

#### **16. Pension commitments (continued)**

	<b>2009</b>
	<b>£000</b>
Defined benefit obligation	<b>(1,961)</b>
Plan assets	<b>1,236</b>
Deficit	<b>(725)</b>
Experience adjustments on plan liabilities	<b>-</b>
Experience adjustments on plan assets	<b>(166)</b>

The Company estimates that it will contribute £250,000 to the Lincolnshire County Council Pension Scheme during the year to 31 August 2010.

#### **17. Related party transactions**

The company paid Harvey Nash a total of £49,350 for their services as recruitment consultants during the course of the year. Harvey Nash also discounted their fees by £42,599 which has been shown as a donation. Noorzaman Rashid is a director of Harvey Nash and of EACT. There were no amounts outstanding at the year end.

An amount of £28,050 was paid to Ethnic Minority Foundation for the rent of office premises in the period to March 2009. There were no amounts outstanding at the year end. Lord Bhatia, who was the chairman of EACT at the time was also the chairman of EMF when the transaction occurred.

#### **18. Operating leases**

The land and buildings upon which Trent Valley Academy is based is leased from the Local Authority at a peppercorn rent. EACT does not own these assets and the value of the lease is negligible, therefore no commitment has been recognised in the financial statements.