

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED 31 AUGUST 2014**

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**Company Registration Number:  
08318962 (England and Wales)**

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 AUGUST 2014**

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**PERIOD ENDED 31 AUGUST 2014**

**REFERENCE AND ADMINISTRATIVE DETAILS**

Members:	Mr P A Gartside Mr B G Cooper His Honour W P Morris (Appointed 15/05/2014) Mr R N Hurst (Appointed 27/05/2014) Mr A Durde (Resigned 15/01/2014)
Governors:	Mr P A Gartside Mr W B Warburton (Appointed 06/06/2014) Sir P L Craven (Appointed 24/06/2014) Mrs K E Bramwell (Appointed 26/06/2014) Mrs T Carr (Appointed 26/03/2014) Mr G Holmes Mr J Tucker
Company Secretary:	Mr A Massey
Senior Management Team:	Mrs T Carr (Principal and Accounting Officer) Mrs M Curtis (Business Manager) Mr J Brisbane (Head of Student Services)
Registered Office:	Macron Stadium Burnden Way Lostock Bolton BL6 6JE
Company Registration No:	08318962 (England & Wales)
Auditors:	DonnellyBentley Limited Chartered Accountants and Statutory Auditor Hazlemere 70 Chorley New Road Bolton BL1 4BY
Bankers:	Barclays Bank plc The Wellsprings Victoria Square Bolton BL1 1BY

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**GOVERNORS' REPORT**

**Governors and Accounting Officers Annual Report 31 August 2014**

The Governors present their annual report together with the financial statements and auditors' reports of the charitable company for the period ended 31<sup>st</sup> August 2014.

**Structure, Governance and Management Constitution**

The Eddie Davies Educational Trust (EDET) is a company limited by guarantee and is an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the EDET.

The governors act as trustees for the charitable activities of the EDET and, with the exception of Mrs T Carr (Principal) and Mr G Holmes (Member), are all directors of the charitable company for the purpose of company law. Mr B Cooper is a director and member of the EDET but is not a Governor. The charitable company is known as Bolton Wanderers Free School.

Details of the governors who have served throughout the period are detailed in the Reference and Administrative Details on page 1.

**Members' Liability**

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

**Governors' Indemnities**

From 1 September 2014, EDET has an adequate insurance policy in place through the DfE Risk Protection Arrangement. From this date, professional indemnity insurance was in place to protect Governors and officers from claims arising from an actual or alleged breach of professional duty.

**Principal Activities**

EDET was set up to provide the highest quality post-16 education and experiences for young people in Bolton and the surrounding areas. EDET is responsible for providing education to students aged 16-19. This includes direct delivery of curriculum based education to students in the Free School and a programme of enrichment activities.

**Method of Recruiting and Appointment or Election of Governors**

Members of the EDET comprise:

- The signatories to the Memorandum
- The Chair of Governors
- Any person the Members may unanimously agree in writing to appoint as they see fit

The articles of association require the members of the charitable company to appoint at least three governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of EDET.

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Governors are appointed for a four year period except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor can be reappointed or re-elected.

The Trustee Board may appoint additional Governors. Governors may be removed by the person or persons who appointed them.

**Policies and Procedures Adopted for the Induction and Training of Governors**

All Governors are provided with copies of policies, procedures, minutes, accounts, budget plans and any other associated documents needed to undertake their role as Governor.

In advance of their attendance to a meeting of the Board, a new Governor shall go through the induction procedure consisting of:

- Governor's information pack via electronic means unless paper copies are requested.
- Visit to the school to meet the Principal and the Chair
- Brief from the Senior Leadership Team at the school
- Tour of the school
- Meeting of staff and students

The development of the Governing body will cover the following areas:

- Help shape the vision and direction of the school
- Understand the strengths and weaknesses of the school
- Challenge and support the Principal and school leadership team
- Ensure the school fulfils statutory requirements
- Specific sub areas covering the following: Progression, Safeguarding, Teaching and Learning and Finance.

**Organisational Structure**

The organisational structure of the EDET consists of three levels: The Members, Governors and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Free School is governed by the trustee board which delegates functions as appropriate to the Governing Body who are appointed by the Governors as a committee. The Governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Free School.

The Governing Body is responsible for setting general policy, adopting an annual school development plan and budget, monitoring the Free School by the use of financial management information, strategic planning and making major decisions about the direction of the Free School and senior staff appointments.

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The Senior Leadership Team (SLT) consists of the Principal, Business Manager and Head of Student Services. They control, manage and lead the Free School by the Principal implementing the policies laid down by the Governors and reporting back to them. As a group the SLT is responsible for the authorisation of spending as agreed within a budget. The Principal is responsible for the staff structure and the appointment of staff. The Principal is the Accounting Officer.

The overall school management team includes the SLT, two curriculum area leaders and the MIS/Funding manager. These managers are responsible for the day to day operations of the Free School, in particular organising teaching staff and the MIS system.

Appointment of boards for posts in the leadership team will contain a Governor.

The Governors approved a Scheme of Delegation which sets out the duties, powers and responsibilities delegated to the Governing Body, the Finance Committee, the Principal and other staff.

Each committee of the governing body has a Term of Reference.

**Risk Management**

The Governors have assessed the major risks to which the Trust and Free School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Free School, and its finances.

The Governors have implemented a number of systems to assess risks that the Free School faces, especially in the operational areas (teaching, health and safety, school trips) as well as in relation to the control of finance. They have introduced systems in regards to operational procedures (for example, vetting of new staff and visitors and internal financial controls in order to minimise risk). Any significant risk that remains is covered by adequate insurance.

**Connected Organisations including Third Party Relationships**

The Trusts lead supporters are:

- Bolton Wanderers Football Club
- Burnden Leisure Limited
- Bolton Arena
- University of Bolton
- Edgehill University

**Objectives, Strategies and Activities**

The EDET's principal objective and activity is to advance, for the public benefit, education, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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**GOVERNORS' REPORT**

The main objectives of the Free School during the period ended 31<sup>st</sup> August 2014 are summarised below:

- Ensure there is a sufficient number of students recruited (Minimum of 80);
- Ensure students recruited are afforded appropriate progression routes with positive outcomes;
- Recruit high quality and well qualified school staff;
- Work in partnerships with other schools, agencies and professionals;
- Use robust governance to guarantee high standards both of leadership and operational outcomes;
- Secure fit for purpose temporary accommodation;
- Create a centre of excellence which enables Bolton Wanderers Free School graduates to develop and progress in life with an holistic outcome;
- Improve achievement and progression so that all students aspire and endeavor to achieve their full potential above and beyond where possible;
- Empower students to set and maintain demanding personal and professional standards supported by the Bolton Wanderers Free School ethos, staff and infrastructure;
- Ensure students feel valued, happy, safe and supported; and all barriers to their learning and progress are addressed and removed.

The Trust believes in cultivating students, the life-long ability to take the right course of action in any particular situation, supported by a continuing interest in learning:

- **Understanding:** the ability to assess and summarise a situation within its particular context
- **Judgement:** having summarised a situation and its context, the ability then to judge the right thing to do
- **Technique:** having the ability, experience and expertise to make the right plan and then to execute it successfully

The combination of the teaching curriculum and a concentration on personal development through 'all-round professionalism' has proved particularly beneficial to young people.

The Trusts key values are:

- Improvement
- Discipline
- Self-knowledge
- Commitment
- Balance
- Professionalism
- Judgement

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**GOVERNORS' REPORT**

**Public Benefit**

The Trust's purpose is to advance for public benefit education as described above in the Objectives, Strategies and Activities. The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties. Given the activities of the Free School and the student population that it services, the Governors consider that the company's aims are demonstrably to the public benefit.

**STRATEGIC REPORT**

**Achievement and Performance**

The Trust successfully formed in December 2012 with Bolton Wanderers Free School official opening date being 1<sup>st</sup> September 2014.

As the Free School only officially opened on 1<sup>st</sup> September 2014, there are no academic results to report, however the Free School has successfully moved to opening stage in the 2013/2014 academic year.

The trust has worked closely with Bolton Wanderers Football Club in its inception and continues to do so.

**Key Financial Performance Indicators**

- To have an annual operating surplus
- To generate additional extra income

**Financial Review**

The Trust held fund balances as at 31<sup>st</sup> August 2014 of £177,323, comprising of a general restricted fund of £42,748 and a restricted fixed asset fund of £134,575.

The vast majority of the Trust's income is obtained from the DfE via the Education Funding Agency (EFA) in the form of a Pre-opening Grant (and in the future General Annual Grant - GAG) the use of which is restricted to particular educational purposes. The grants received by the EFA for the period ending August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31<sup>st</sup> August 2014, EDET has received income of £382,920 comprising:

- Project development grant (pre-opening grant)
- Capital and refurbishment grant
- Licence to occupy grant

Over the period, total resources expended of £205,597 was less than the grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the period was £177,323.



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Key financial policies adopted or reviewed during the year include the Conflicts of Interest Policy, Financial Procedural Manual, Scheme of Delegation and Whistle Blowing Policy. The Scheme of Delegation sets out the framework for financial management, including financial responsibilities of the Governors, Principal (as Accounting Officer), Business Manager and other affected staff, as well as delegated authority for expenditure and procurement protocols.

During the year the Accounting Officer has been working closely with Governors, the school management team and the DfE Education Advisor to implement efficient and quality financial management systems. These systems are continually under review.

**Financial and Risk Management Objectives and Policies**

The Trust's financial objectives are:

- To ensure that the financial resources available for the students each year is spent on the students attending school during that year to maximise their learning opportunities;
- To generate extra income wherever possible so as to enhance school life and activities without being reliant on parents and carer contributions;
- To apply best value principles in all purchases, at all times;
- To monitor and evaluate the value for money of all staff;
- To prevent areas of wastage.

**Going concern**

After making appropriate enquiries, the governing body has a reasonable explanation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of Accounting Policies.

**Reserves policy**

Subject to EFA's constraints on permitted balances, the Trust's policy is to carry forward a prudent level of resources. Due to anticipated future cuts in funding, the situation will be kept under review. The Governors review the level of reserve of the Trust annually. This review encompasses the nature of the income and expenditure streams and the need to match income with commitments, ensuring that the resources available for the year are used specifically for the students attending during that same year.

Cash at the bank on 31<sup>st</sup> August 2014 was £96,980

**Investment Policy**

The Investment Policy of the Trust is to keep its funds in registered banks in the UK. The Governors have the power to invest in such projects as they see fit.

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**GOVERNORS' REPORT**

**Principal Risks and Uncertainties**

The Trust has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Trust's assets and reputation.

Based on the Free School's objectives, the Audit Committee will undertake a comprehensive review of the risks to which the Trust is exposed. They identify systems and procedures, including specific, preventable actions which should mitigate any potential impact on the Free School.

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Finance Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Free School.

The principal risks to the Trust are documented and managed using a risk management policy and risk register which is reviewed regularly. The risk register identifies key risks, the likelihood of these risks occurring, their potential impact on the Free School and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors which may affect the Trust. Not all factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Free School.

**1. Government Funding**

The Trust has considerable reliance on continued government funding through the EFA. In 2013/2014, 100% of the Free School's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms.

This risk is mitigated in a number of ways:

- Funding is derived from a number of direct and indirect contractual arrangements
- By ensuring the Free School is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA

**2. Reputational**

The continuing success of the Free School is dependent on continuing to attract students in sufficient numbers by maintaining the highest educational standards.

To mitigate this risk Governors ensure that student success, progress and achievement will be closely monitored and reviewed. This is especially critical at this point in relation to the DfE monitoring visits.

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**GOVERNORS' REPORT**

**3. Safeguarding**

It is imperative that the Free School maintains high standards of safeguarding to ensure the safety of students and staff. Key controls in place to mitigate this risk are:

- The operation of child protection policies and procedures
- Adherence to health and safety policies and procedures
- The vetting of new staff and visitors
- Abiding by the safe recruitment policy
- A card swipe access control system in operation

**4. Student Numbers**

The decline in student numbers would worsen financial viability and could lead to the Free School to seek additional cost saving measures.

This risk is mitigated in a number of ways:

- The scheme of delegation allows for robust financial planning and monitoring
- The development of a comprehensive marketing strategy, which includes monthly open days; visits to local secondary schools; attending recruitment events; Facebook advertising campaigns and advertising in the BWFC match day programme.
- The MIS/Funding Manager is continually exploring ways of generating additional income, including working with local businesses and applying for grants.

**Plans for Future Periods**

The Trust will continue to strive to provide an outstanding post -16 education and improve the levels of performance for its students, closing gaps between the performance of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education.

To achieve this the Trust will continue to recruit high calibre staff as needed in order to support the delivery of its objectives, particularly as the Trust moves forward with occupancy of a permanent site in 2016.

The Free School has a strategic development plan and from this a school improvement plan will develop.

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**GOVERNORS' REPORT**

**Auditor**

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;  
and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the governing body on 18<sup>th</sup> December 2014 and signed on its behalf by:



**Mr P Gartside**  
**Chair of Governors**

**THE EDDIE DAVIES EDUCATIONAL TRUST  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring Bolton Wanderers Free School has an effective and appropriate system of control, financial and otherwise. Such a system is designed to manage risk rather than eliminate the total risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The governing body has delegated the day to day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management in accordance with requirements and responsibilities assigned to it in the funding agreement. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the governor's report and in the statement of governors responsibilities. The governing body has not formally met during the period to 31 August 2014 as the academy only opened in September 2014. Their first formal meeting was held on 22<sup>nd</sup> September 2014.

**The Finance Committee**

The Finance Committee is a new committee, which was constituted as a direct response to the EFA's desire to ensure that robust and effective systems of internal control exist in all Academy Trusts. The finance committee is a sub-committee of the main governing body. Its purpose is to assist the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Free School's finances and resources, including proper planning, monitoring and probity. Its objective is to review the effectiveness of the Free School's internal control system established to ensure that the aims, objectives and key performance targets of the Free School are achieved in the most economic, effective and efficient manner. The inaugural finance committee meeting is scheduled to take place in January 2015. This committee will meet at least twice each financial year.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based upon an ongoing process designed to identify and priorities the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bolton Wanderers Free School for the period ending 31<sup>st</sup> August 2014 and up to the date of the approval of the annual report and financial statements.

**Capacity to Handle Risk**

The governing body has reviewed the keys risks to which the trust is exposed together with the operating financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Free School's significant risks that has been in place in Bolton Wanderers Free School for the year ending 31<sup>st</sup> August 2014 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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**GOVERNANCE STATEMENT**

**The Risk and Control Framework**

The system of internal financial control is based upon a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- Comprehensive budgeting and monitoring systems with annual budget reports and monthly updates which are reviewed and agreed by the governing body;
- Clearly defined purchasing and procurement guide;
- Delegation of authority and segregation of duties;
- Identification and management of risks;
- Regular reviews by the Finance Committee

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor during 2013/2014. During 2013/2014 the Finance Director of BWFC has undertaken additional duties in ensuring that the internal controls with the Free School are in place and operating at the expected level.

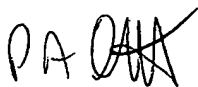
**Review of Effectiveness**

As accounting officer, the Principal has responsibility for reviewing effectiveness of the system of internal control. During the time period of 26<sup>th</sup> March 2014 to 31<sup>st</sup> August 2014 the review has been informed by:

- The Chair of Governors;
- The Finance Director of BWFC;
- The School Business Manager;
- Financial arrangement process (Scheme of Delegation and financial processes);
- The work of the executive managers within Burnden Leisure Limited

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 18<sup>th</sup> December 2014 and signed on its behalf by:



**Mr P Gartside**  
Chair of Governors



**Mrs T Carr**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Bolton Wanderers Free School (BWFS) I have considered my responsibility to notify The Eddie Davies Educational Trust (EDET) Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under funding agreement in place between BWFS and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the EDET board are able to identify any material irregular or improper use of funds by the Free School, or material non-compliance with the terms and conditions of funding under the BWFS funding agreement and the Academies Financial Handbook.

I confirm that no instances of material of irregularity, impropriety of funding non-compliance have been discovered to date.



**Mrs T Carr**  
**Accounting Officer**

18<sup>th</sup> December 2014

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The governors (who act as trustees for charitable activities of Bolton Wanderers Free School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

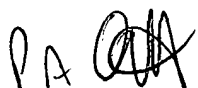
Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

Approved by order of the members of the governing body on 18<sup>th</sup> December 2014 and signed on its behalf by:



**Mr P A Gartside**  
**Chair of Governors**



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**INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of The Eddie Davies Educational Trust for the period ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Governors' Responsibilities on page 14, the Governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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**PERIOD ENDED 31 AUGUST 2014**

**INDEPENDENT AUDITOR'S REPORT**

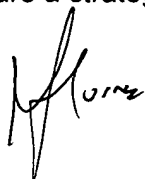
**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Mr Michael Anthony Turner, ACA, FCCA (Senior Statutory Auditor)  
For and on behalf of DonnellyBentley Limited  
Chartered Accountants  
Statutory Auditor  
Hazlemere  
70 Chorley New Road  
BOLTON  
BL1 4BY

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED 31 AUGUST 2014**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
THE EDDIE DAVIES EDUCATIONAL TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Eddie Davies Educational Trust during the period 1<sup>st</sup> January 2014 to 31<sup>st</sup> August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Eddie Davies Educational Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Eddie Davies Educational Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Eddie Davies Educational Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Eddie Davies Educational Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Eddie Davies Educational Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2013 (updated October 2013), for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1<sup>st</sup> January 2014 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED 31 AUGUST 2014**

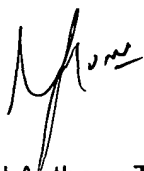
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
THE EDDIE DAVIES EDUCATIONAL TRUST AND THE EDUCATION FUNDING AGENCY**

The work undertaken to draw our conclusions includes:

- Review of any minutes of the various committees and sub-committees, management accounts and discussions with key personnel
- Evaluation of the implementation of the internal control procedures and detailed review of the control environment for any changes or weaknesses
- Review of expenditure to ensure it adheres to internal control procedures and is not for personal benefit
- Review of financial transactions for any unusual transactions which may be improper
- Ensuring that the activities of the academy are in keeping with the academy's framework and charitable objectives
- Review of related party transactions to ensure that no favourable rates have been applied
- Ensuring expenditure does not contravene the funding agreement

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1<sup>st</sup> January 2014 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Michael Anthony Turner, ACA, FCCA (Senior Statutory Auditor)  
For and on behalf of DonnellyBentley Limited  
Chartered Accountants  
Statutory Auditor  
Hazlemere  
70 Chorley New Road  
BOLTON  
BL1 4BY

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED 31 AUGUST 2014**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT  
OF TOTAL RECOGNISED GAINS AND LOSSES)**

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
		£	£	£	£	£
<b>Incoming resources</b>						
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	2	-	243391	139529	382920	-
		-----	-----	-----	-----	-----
<b>Total incoming resources</b>		-	243391	139529	382920	-
		-----	-----	-----	-----	-----
<b>Resources expended</b>						
<i>Charitable activities:</i>						
Academy's educational operations	4	-	165533	-	165533	-
Governance costs	5	-	40064	-	40064	-
		-----	-----	-----	-----	-----
<b>Total resources expended</b>	3	-	205597	-	205597	-
		-----	-----	-----	-----	-----
<b>Net incoming/(outgoing) resources before transfers</b>		-	37794	139529	177323	-
Gross transfers between funds	12	-	4954	(4954)	-	-
		-----	-----	-----	-----	-----
<b>Net income/(expenditure) for the period</b>		-	42748	134575	177323	-
<b>Other recognised gains and losses</b>		-	-	-	-	-
		-----	-----	-----	-----	-----
<b>Net movement in funds</b>		-	42748	134575	177323	-
<b>Reconciliation of funds</b>						
Funds b/fwd to 01/01/2014	12	-	-	-	-	-
		-----	-----	-----	-----	-----
<b>Funds c/fwd at 31/08/2014</b>		-	42748	134575	177323	-
		=====	=====	=====	=====	=====

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

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

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

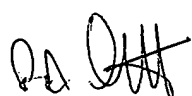
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**BALANCE SHEET  
AS AT 31 AUGUST 2014**

	Notes	£	31/08/14 £	£	31/12/13 £
<b>Fixed Assets</b>					
Tangible Assets	9		134575		
<b>Current Assets</b>					
Debtors	10	172699		-	
Cash at bank and in hand		96980		-	
		269679		-	
<b>Liabilities</b>					
<b>Creditors:</b> Amounts falling due within one year	11	226931		-	
<b>Net current assets</b>			42748		
<b>Net assets</b>			177323		-
			=====		=====
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	12		134575		
General fund(s)	12		42748		
<b>Total restricted funds</b>			177323		-
<b>Unrestricted income funds</b>					
General fund(s)	12		-		-
<b>Total funds</b>			177323		-
			=====		=====

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 19 to 32 were approved by the governors, and authorised for issue on 18<sup>th</sup> December 2014 and are signed on their behalf by:



Mr P Gartside  
Chairman of Governors

Company Limited by Guarantee  
Registration Number: 08318962

**THE EDDIE DAVIES EDUCATIONAL TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2014**

	Notes	2014 £	2013 £
<b>Net cash inflow from operating activities</b>	15	96980	-
Capital expenditure	16	-	-
<b>Increase in cash in the period</b>	17	96980	-
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Net funds at 1 January 2014</b>		-	-
<b>Net funds at 31 August 2014</b>		96980	-

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

## **1 Accounting Policies**

### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by Education Funding Agency and the Companies Act 2006. The company has taken advantage of the Financial Reporting Standard for Smaller Entities (effective April 2008) and the small company provisions within the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### **Going Concern**

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **Incoming Resources**

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Other income**

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

### **Resources Expended**

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



**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance Costs**

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

**Tangible Fixed Assets**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Fixtures, fittings and equipment	20%
ICT equipment	25%
Leasehold improvements	Over the term of the lease

Depreciation is charged on a monthly basis from the month of acquisition.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**Leased Assets**

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

**Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**Pensions Benefits**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, is contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The Academy was not admitted to the Local Government Pension Scheme (LGPS) for non-teaching staff until 1 September 2014.

**Fund Accounting**

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

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

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

**2 Funding for Academy's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
<b>DfE/EFA revenue grants</b>				
Project development grant	-	194000	194000	-
Capital refurbishment grant	-	32391	32391	-
License to occupy grant	-	17000	17000	
	-----	-----	-----	-----
	-	243391	243391	-
<b>DfE/EFA capital grants</b>				
Capital grant	-	139529	139529	-
	-----	-----	-----	-----
	-	382920	382920	-
	-----	-----	-----	-----

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**3 Resources Expended**

	<b>Staff Costs £</b>	<b>Premises £</b>	<b>Other Costs £</b>	<b>Total 2014 £</b>	<b>Total 2013 £</b>
Academy's educational operations					
Direct costs	68541	3815	42364	114720	
Support costs	-	18995	31818	50813	-
	<u>68541</u>	<u>22810</u>	<u>74182</u>	<u>165533</u>	<u>-</u>
Governance costs including allocated support costs	-	-	40064	40064	-
	<u>68541</u>	<u>22810</u>	<u>114246</u>	<u>205597</u>	<u>-</u>

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

	<b>2014 £</b>	<b>2013 £</b>
<b>Outgoing resources for the year include:</b>		
Operating leases		
Other leases	17000	-
	<u>17000</u>	<u>-</u>

**4 Charitable Activities**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2014 £</b>	<b>Total 2013 £</b>
<b><i>Direct costs – educational operations</i></b>				
Teaching and educational support staff costs	-	68541	68541	-
Depreciation: leasehold improvements	-	3815	3815	-
Technology costs	-	39607	39607	-
Depreciation: computer equipment	-	747	747	-
Depreciation: fixtures and fittings	-	392	392	-
Uniform costs	-	1618	1618	-
	<u>-</u>	<u>114720</u>	<u>114720</u>	<u>-</u>
<b><i>Support costs – educational operations</i></b>				
Recruitment and support	-	8400	8400	-
Travel and accommodation	-	3553	3553	-
Rent	-	17000	17000	-
Utility costs	-	1995	1995	-
Advertising and marketing	-	19577	19577	-
Other support costs and admin expenses	-	288	288	-
	<u>-</u>	<u>50813</u>	<u>50813</u>	<u>-</u>
Total charitable direct and support costs	<u>-</u>	<u>165533</u>	<u>165533</u>	<u>-</u>

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**5 Governance Costs**

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	37564	37564	-
Auditor's remuneration				
• Audit of financial statements	-	2500	2500	-
	-	40064	40064	-

**6 Staff**

**(a) Staff costs**

	2014 £	2013 £
Staff costs during the period were:		
Wages and salaries	61200	-
Social security costs	5085	-
Pension costs	2256	-
	68541	-

**(b) Staff numbers**

The average number of persons (including senior management team) employed by the Academy from 26<sup>th</sup> March 2014 (when the first appointment was made), and the full time equivalents, was as follows:

	31 Aug 2014 Number	31 Aug 2014 Full-time equivalent	2013 Number	2013 Full-time equivalent
<b>Charitable Activities</b>				
Teachers	3	3	-	-
Administration and support	1	1	-	-
Management	1	1	-	-
	5	5	-	-

**(c) Higher paid staff**

There were no employees whose emoluments exceeded £60,000 during the period ended 31<sup>st</sup> August 2014.

**7 Related Party Transactions - Governors' Remuneration and Expenses**

The Principal only receives remuneration in respect of services she provides undertaking the role of Principal and not in respect of her services as a governor. Other governors did not receive any payments, other than expenses, from the Academy trust in respect of their role as governors. The value of governors' remuneration was as follows:

Mrs T Carr (Principal and governor): £20,000-£25,000

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

During the period ended 31 August 2014, travel and subsistence expenses totalling £1,955 (31 December 2013: £Nil) were reimbursed to governors. Related party transactions involving the Governors are set out in note 21.

**8 Governors' and Officers' Insurance**

There were no insurance costs in the period ended 31 August 2014.

**9 Tangible Fixed Assets**

	Leasehold Improvements £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 January 2014	-	-	-	-
Additions	80109	23534	35886	<b>139529</b>
At 31 August 2014	<u>80109</u>	<u>23534</u>	<u>35886</u>	<u><b>139529</b></u>
<b>Depreciation</b>				
At 1 January 2014	-	-	-	-
Charged in period	3815	392	747	<b>4954</b>
At 31 August 2014	<u>3815</u>	<u>392</u>	<u>747</u>	<u><b>4954</b></u>
<b>Net book values</b>				
At 31 August 2014	<u>76294</u>	<u>23142</u>	<u>35139</u>	<u><b>134575</b></u>
At 31 December 2013	-	-	-	-

**10 Debtors**

	31 Aug 2014 £	31 Dec 2013 £
Accrued income	171920	-
Other debtors	779	-
	<u>172699</u>	<u>-</u>

**11 Creditors: amounts falling due within one year**

	31 Aug 2014 £	31 Dec 2013 £
Trade creditors	86331	-
Other creditors	35522	-
Accruals and deferred income	105078	-
	<u>226931</u>	<u>-</u>

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**12 Funds**

	Balance at 01/01/2014 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31/08/2014 £
<b>Restricted general funds</b>					
Project development grant	-	194000	(156206)	4954	42748
Other DfE/EFA grants	-	49391	(49391)	-	-
	-	243391	(205597)	4954	42748
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	-	139529	-	(4954)	134575
<b>Total restricted funds</b>	-	382920	(205597)	-	177323
<b>Unrestricted funds</b>					
Unrestricted funds	-	-	-	-	-
<b>Total unrestricted funds</b>	-	-	-	-	-
<b>Total funds</b>	-	382920	(205597)	-	177323

The specific purposes for which the funds are to be applied are as follows:

**Fixed asset fund:**

These grants relate to funding received from EFA to carry out works and purchase items of a capital nature.

**Restricted general fund:**

This fund represents grants received for the Academy's operational activities and development.

**13 Analysis of net assets between funds**

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	134575	134575
Current assets	-	269679	-	269679
Current liabilities	-	(226931)	-	(226931)
<b>Total net assets</b>	-	42748	134575	177323

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**14 Financial commitments**

***Operating leases***

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	<b>31 Aug 2014 £</b>	<b>31 Dec 2013 £</b>
<b>Land and buildings</b>		
Expiring within two and five years inclusive	204000	-

**15 Reconciliation of net income to net cash inflow from operating activities**

	<b>31 Aug 2014 £</b>	<b>31 Dec 2013 £</b>
Net income	177323	-
Depreciation (note 13)	4954	-
Capital grants from DfE/EFA and other capital income	(139529)	-
(Increase)/decrease in debtors	(172699)	-
Increase/(decrease) in creditors	226931	-
<b>Net cash inflow from operating activities</b>	<u>96980</u>	<u>-</u>

**16 Capital expenditure and financial investment**

	<b>31 Aug 2014 £</b>	<b>31 Dec 2013 £</b>
Purchase of tangible fixed assets	139529	-
Capital grants from DfE/EFA	(139529)	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>-</u>	<u>-</u>

**17 Analysis of changes in net funds**

	<b>At 1 January 2014 £</b>	<b>Cash flows £</b>	<b>At 31 August 2014 £</b>
Cash in hand and at bank	-	96980	96980
	<u>-</u>	<u>96980</u>	<u>96980</u>

**18 Contingent Liabilities**

The Academy had no contingent liabilities at 31 August 2014

**19 Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**THE EDDIE DAVIES EDUCATIONAL TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

**20 Pension and similar obligations**

The Academy was not admitted to the Local Government Pension Scheme (LGPS) for non-teaching staff until 1 September 2014. Therefore these accounts do not contain any contributions relating to the LGPS.

As at 31 August 2014 the Academy's employees did belong to the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff. The TPS is a defined benefit scheme.

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

Contributions amounting to £2,256 (31 December 2013: £Nil) were paid during the period to 31 August 2014. There were no outstanding or prepaid contributions at the beginning or the end of the financial period.

**Teachers' Pension Scheme**

***Introduction***

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

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

The Teachers' Pensions Regulations require an annual 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, 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***

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions 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 that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years).



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This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

***Teachers' Pension Scheme Changes***

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

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

## **21 Related Party Transactions**

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest.

All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

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The following related party transactions took place in the period of account:

Mr B Cooper (member) and Mr P Gartside (member and Chairman of Governors) and Mr B Warburton (governor) are directors of Burnden Leisure Limited which is the parent company of Bolton Whites Hotel Limited and Bolton Wanderers Football and Athletic Company Limited (BWFC).

The Academy has paid rent of £17,000 to BWFC and has paid £1,995 to BWFC for light, heat and water.

The Academy has paid accommodation costs of £1,003 to Bolton Whites Hotels Limited.

Burnden Leisure Limited maintained the payroll for the Academy for the period April – July 2014 for which no charge was made.

At 31 August 2014 the Academy owed £1,961 to BWFC for expenses which BWFC had paid on behalf of the Academy and which is included within other creditors.

Accruals includes £1,995 owed to BWFC for light, heat and water costs.