

The Eden Academy
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL
STATEMENTS

Period ended
31 August 2013

Period of accounts 18 April 2012 – 31 August 2013



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COMPANIES HOUSE

Company Registration No 8036395 (England and Wales)

The Eden Academy

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The Eden Academy

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

Susan Douglas (Chairman)
Phil Haigh * (Deputy Chair)
Collette Stone
Valerie Clarke (resigned 31/08/2013)
Pradeep Mahajan (resigned 12/09/2012)
Mark Lemon # (resigned 31/08/2013)
Debbie Wiseman * (resigned 31/08/2013)
Jo Roger (resigned 31/08/2013)
Andrew Sanders (resigned 31/08/2013)
John Marr * (resigned 31/08/2013)
John Ayres (Principal)
A St John (appointed 09/09/2013)
D Goldthorpe (appointed 01/09/2013)
H S Begol (appointed 01/09/2013)
P J Stentiford * (appointed 01/09/2013)
J E Hemery (appointed 01/09/2013)
B J Nolan *# (appointed 01/09/2013)

* members of the Finance Committee
members of Audit Committee

Company Secretary

TPP Law Ltd
Enterprise House
1-2 Hatfields
London
SE1 9PG

Senior Management Team

Principal
Headteacher until October 2012
Head of School
Head of School
Head of School Jan 2013
Finance and Operations Manager until Oct 2013
Finance and Resource Manager from Nov 2013

John Ayres
Joy Nutthall
Jackie Seaman
Hilary McDermott
Andrew Saunders
Donald Freeman
Sudhi Pathak

Principal and Registered Office

Grangewood School
Fore Street
Eastcote
Pinner
Middlesex
HA5 2JQ

Company Registration Number

8036395 (England and Wales)

The Eden Academy

REFERENCE AND ADMINISTRATIVE DETAILS

Independent Auditor

Baker Tilly UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Bucks
MK9 1BP

Bankers

Lloyds
286-288 Station Road
Harrow
HA12EB

Solicitors

TPP Law Ltd
Enterprise House
1-2 Hatfields
London
SE1 9PG

The Eden Academy

DIRECTORS' REPORT

The Directors present their annual report together with the financial statements of the charitable company for the period **18 April 2012 to 31 August 2013**.

1.0 Structure, Governance and Management

1.1 Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Directors of The Eden Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Eden Academy Trust Limited.

Details of the Directors who served during the period are included in the Reference and Administrative Details on page 1 & 2.

1.2 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 may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member (as detailed in the Articles of Association).

1.3 Directors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any claim. The total academy insurance premium, including building, contents and directors' and officers' insurance for the period ended 31 August 2013 was £84,000.

The cost of directors' and officers' insurance is included in the total insurance cost.

1.4 Principal Activities

The principal activity of the Eden Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools specially organised to deliver special educational provision for pupils with Special Educational Needs ("the Special Academies").

Specifically the Eden Academy delivers education to pupils with severe learning difficulties in the Local Authority of Hillingdon at Grangewood School and Moorcroft School. The Eden Academy has a formal alliance with the RNIB Sunshine House School.

1.5 Method of Recruitment and Appointment or Election of Directors

The Eden Academy was formed as a result of the merger of Grangewood School and Moorcroft School. In the first year of the Academy, it was agreed that the Board of Directors be representational of the two schools including personnel who had previously served on the Governing Bodies of the previous schools. This arrangement was put in place for a year after which it was agreed that a review would be conducted to ascertain whether the skill sets and experience of the initial Board was suitable with the role of a Board of Directors of an Academy.

The Eden Academy

DIRECTORS' REPORT

The initial Board comprised

- The previous Chair of Governors of each school, the Chairs of the Local Governing Bodies (LGB) are automatically appointed as Directors of the Board
- A parent from each school, future appointments are made by the parent members of the LGB's
- A staff representative from each school, appointed by The Members, these appointments cannot exceed one third of the total members
- The Principal (Grangewood) and Headteacher (Moorcroft)
- The Chief Executive Officer
- 3 community members who previously served on the Governing Bodies

During the summer term 2013, the Board of Directors undertook a review of governance during which it was decided that a significant re-structuring would take place. This was in line with the Board's initial aim.

1.6 Policies and Procedures Adopted for the Induction and Training of Directors

The Eden Academy currently has a service level agreement with Hillingdon Local Authority purchasing Governor support services allowing Directors to attend training on a range of subjects. In addition, the Directors attend the annual Academy day which this year included a briefing on the new OfSTED framework by an HMI.

The new Board of Directors attended an induction day on 6 September 2013 which included risk management training.

1.7 Organisational Structure

The Academy Trust has appointed a CEO of the Trust, whose role/ responsibilities are as follows:

The role of the CEO is to assume ultimate responsibility for the BOD. As Chair of the Board, the CEO is responsible for inspiring and leading the organisation in taking forward its vision, mission, values and strategy in collaboration with Principal, Directors, staff and other stakeholders.

Strategic Leadership

To work with the principal, board, staff and other key stakeholders to

- Develop the vision, mission and values for Eden Academy Trust
- Set, implement and review strategy for the organisation
- Seek new opportunities and partnerships to enrich the work of Eden Academy Trust and develop its ethos, practices and reputation
- Support the board in determining and identifying the success criteria and KPIs of the Principal

Operational and Financial Management

- To provide inspirational and clear leadership for all staff at Eden Academy Trust

The Eden Academy

DIRECTORS' REPORT

- To ensure strategies are in place to build and motivate teams and develop their capabilities and performance
- To ensure that all staff at the Eden Academy Trust understand organisational goals and share a commitment to delivering them
- To ensure that the organisation is in a healthy financial position and manages its finances and resources prudently and effectively

Governance

- To work in close partnership with the Directors, Principal and Heads of School to ensure clear and robust lines of accountability
- To develop and maintain excellent working relations with the Eden Academy Trust Board
- To develop the Eden Academy Board so that it fulfills its governance function effectively

External Communications

- To develop and communicate a consistent, appropriate and effective brand for the organisation based on Eden Academy Trust's core values
- To represent the organisation effectively with external agencies including the DfE, policy makers and other key stakeholders
- To build and develop networks in the local community to promote and raise the profile of the Academy and create sponsors and partners
- To develop Eden Academy Trust's profile as an pioneering, influential and thoughtful voice at the forefront of thinking in the SEN education arena

The Accounting Officer

The Principal has been appointed as the Trust's Accounting Officer whose responsibilities are as follows

The Accounting Officer is personally responsible to Parliament and to the accounting officer of the EFA for the resources under his control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which they are answerable, for the keeping of proper accounts, for prudent and economical administration, for the avoidance of waste and extravagance, for ensuring value for money, and for the efficient and effective use of all the resources in their charge. Essentially accounting officers must be able to assure Parliament and the public of high standards of probity in the management of public funds.

1.8 Risk Management

The high level risk register related to the Eden Academy has been developed and is continuing to be reviewed by the Board of Directors in addition to the process relating to risk reporting. Managing risk is now a standing item on the agendas of the local governing bodies as well as the Board of Directors.

1.9 Connected Organisations including Related Party Relationships

The Eden Academy has a formal alliance with the RNIB Sunshine House School. The latest legal agreement is available on request.

The Eden Academy

DIRECTORS' REPORT

2 0 Objectives and Activities

2.1 Objects and Aims

The principal activity of the Eden Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")

Specifically the Eden Academy delivers education to pupils with severe learning difficulties in the Local Authority of Hillingdon at Grangewood School and Moorcroft School. The Eden Academy has a formal alliance with the RNIB Sunshine House School.

Vision. The Eden Academy will create a centre of educational excellence where our young people will achieve exceptional outcomes.

Mission. The Eden Academy will be a national leader in special education. Our mission is to draw on the individual strengths of each Academy school to build good practice and ensure that outstanding teaching and learning is at the heart of everything we do. Young people will achieve excellent academic outcomes in a safe and nurturing environment and be empowered to make decisions about their lives and their contribution to society. We will nurture our staff professionally and create positive relationships with our parents and the wider community.

Value statements

- **Inclusion** a voice for everyone and everyone is heard
- **Focus** children and young people at the core of all we do
- **Collaboration** together we are stronger
- **Quality** excellence through innovation, creativity and continuous improvement
- **Integrity** transparency and fairness in all we do

2 2 Objectives, Strategies and Activities

Every year the Eden Academy constructs an Academy development plan detailing the main objectives for the year ahead. The main objectives in the first accounting period is to develop consistency and common approaches across the Academy Trust within the following areas:

- Pupils
- Staff
- Families
- Wider Community

The Trust also aims to develop knowledge and understanding of the individual school across the Trust.

The Eden Academy

DIRECTORS' REPORT

2 3 Public Benefit

The Eden Academy provides education for children and young people with significant and complex learning needs. Parents and carers do not pay fees for the services provided by the Academy. The Academy employs a cross Academy lead to co-ordinate family services across the Academy. There are a wide ranging set of services including sibling groups and parent workshops on issues including behaviour management. The Academy enjoys good relationships with the local communities in which the schools are situated many of whom contribute to fundraising efforts on behalf of the local schools.

The Directors have due regard to the guidance on public benefit, published by the Charity Commission in exercising their powers or duties.

3 0 Achievements and Performance

During the first 15 months of the Academy, an independent review was commissioned to provide a baseline with which to measure performance.

Grangewood Grangewood School was rated as outstanding by inspectors.

Moorcroft: Inspectors considered that Moorcroft was underperforming in a number of areas at their visit in October 2012. OfSTED confirmed this in December 2012 rating the school as "requiring improvement". Since that time a number of initiatives have been undertaken and these, combined with the hard work of the staff team at Moorcroft have ensured that when HMI visited in June 2012, she commented that the improvement in teaching was the fastest she had come across.

3 1 Going Concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Eden Academy 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.

4 0 Key Financial Performance Indicators

The Trust has just completed its first financial period during which it has recognised the need for a Finance and Operations manager to support the financial management of the Trust. The post was filled during the period in which the Board of Directors have focused on the cash flow, recovery of income from the new way of working in regards to top-up fees and establishing working practices across the Trust. There has been no specific financial KPI's in place. These will be established during the next financial year.

The change to the way that Special Schools receive their funding has had a big impact on the Trust who have met with Hillingdon along with other local authorities and managed to negotiate a monthly payment of this significant sum of money, and a termly reconciliation to balance the payments.

4 1 Financial Review

The Trust brought forward a £269,000 revenue balance and a donation of fixed assets of £8,171,000 when the schools converted to become academies. The principal sources of funding during the period were received from the EFA and top-up fees were received from the relevant Local Authorities (LA).

The Trust has ended the period with a balance of £5,348,000 which is made up from the fixed asset fund (donated assets from LA) of £8,185,000, a revenue deficit balance of (£30,000) and a deficit Pension Fund.

The Eden Academy

DIRECTORS' REPORT

balance of (£2,807,000)

At the end of the first period, the Trust undertook a review of the level of top up fees across the Academy, benchmarking this data with other similar local providers. It subsequently produced papers supporting an increase in top up fees for both Moorcroft and Grangewood which was latterly agreed by the London Borough of Hillingdon and other local authorities. This will place the Trust in an improved financial position at the end of next year.

In addition, the issue of increased contribution levels for LGPS posed a considerable risk to the Academy finances (somewhere in the region of £250,000). The Trust therefore negotiated a further increase in top up fees to cover this amount on a temporary basis whilst the DfE carries out a consultation exercise on this issue (due to be completed in February 2014).

The Trust has carried out a review of the current state of play of all policies across the Trust covering all aspects of its work (i.e. finance, personnel, curriculum etc.). A working group has been established to align the best practice across the Trust merging and refining these policies which will subsequently be approved by the Board of Directors and Local Governing Bodies. This has included work on the production of a financial policy and procedures document (which have been modelled on EFA guidelines).

The Trust has provided a safe and stimulating environment for its pupils, provided a good staff to pupil ratio and the appropriate professional support from therapist and other professionals. The Trust has also worked on its structure to ensure that both schools have worked to the high standards set by the Board of Directors. The collaboration between the two schools and RNIB has enhanced the continued professional development of the staff across the Trust.

The Trust has also recognised the need for further special school places within the local area and through the expertise within the Trust won a bid to open a Free School in September 2014.

4.2 Financial and Risk Management Objectives and Policies

The main risks that face the Trust are as follows:

Cash Flow

Since the change to the funding formula, it is the responsibility of the Trust to collect a significant part of the individual pupils' funding from the relevant local authorities. This can be a slow process which has an impact on the Trust's cash flow. We have managed to significantly reduce this risk through negotiation with local authorities, predominantly Hillingdon, who is now paying an agreed monthly payment to support this.

Competitors

The schools have a good reputation and are currently at full capacity. There are no significant competitors within the local area at the moment. Although the Government initiative to open more Free Schools across the country could be seen as a threat, this has been significantly reduced by the Trust's successful bid to open their own Free School in September 2014.

Free School

The Free School has been approved and initial funding to develop this project has been received. The main risk within this project is that it falls behind and will not be able to open in September 2014. This is managed through tight controls from the Trust Board through a strong and revised management structure. The second risk is that the school does not attract enough pupils to make it cost effective. This has already been evaluated and with strong support from the local LA, who recognise the resource and an opportunity for savings by keeping pupils within their LA, this school is expected to be over-subscribed.

The Eden Academy

DIRECTORS' REPORT

4.3 Principal Risks and Uncertainties

The current government changes and the continued review of funding for schools is posing uncertainty for the Trust with regards to the levels of funding for the future. Along with the continued pressure on LA's budgets this poses a risk on the availability of funding for the significant needs of our pupils. This is managed through tight policies, continued review of performance and a continued focus of future opportunities including collaborative working with local schools.

4.4 Reserves Policy

The Trust has not, as yet, been in a position to build significant reserves. The cost of conversion, managing the new funding mechanisms for pupils with complex needs as well as significant re-structuring has meant that funds related to the first period of operation have largely been spent during the period.

It is the Trust's intention to look at this during our second year of operation as an academy as structures are embedded. We will be looking at future projects and identifying how these will be financed and managed.

As at 31 August 2013, the Academy Trust had no free reserves. In addition, the Trust is carrying a net deficit of £30k on restricted general funds (excluding pension reserve) plus unrestricted funds because of additional cost during the first 15 months of operation. The Trust is taking the following action to return these funds to surplus. The top-up fees with the Local Authorities have been increased to reflect some of the additional costs of becoming an academy, the Trust have now gone through the first set of financial statements and will not require as much professional external support.

4.5 Investment Policy

The Trust is currently not holding large enough balances to need an investment policy, this will form part of the second year planning.

5.0 Plans for Future Periods

Expansion

In September 2014, the Trust plans to open a new free school for young people aged between 5 and 19 who have significant needs including autism.

Academy Development Plan

The Academy Development Plan for 2013-14 contains the following overarching aims:

- Outstanding teaching & learning across all four schools is sustained or achieved during the course of the academic year
- Pupil achievement is raised across the Academy schools and overall improvement shown in comparison to the previous period
- Quality of teaching is raised across the Academy and an overall improvement shown in comparison to the previous period
- Pupils' behaviour for learning improves through access to a growing range of expertise & services

The Eden Academy

DIRECTORS' REPORT

- Families feel there is a cohesion and expansion to the extended services and support on offer to them and their children
- Staff feel there is a cohesion to and an expansion of the professional development opportunities open to them including systematic talent spotting and leadership programmes to support succession planning
- Staff and pupil morale is high and impacting positively on outcomes for pupils
- The Academy's reputation is high and continuing to grow due to a range of innovative and child centred initiatives and projects

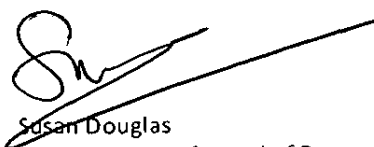
Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

Statement as to disclosure of information to auditors

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

Approved by order of the board of trustees at its meeting on 17 December 2013 and signed on its behalf by



Susan Douglas
CEO and Chair of Board of Directors

17 12 13

The Eden Academy

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive and John Ayres as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Eden Academy Trust and the Secretary of State for Education. John Ayres is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors have formally met 14 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

		Meetings Attended	Out of Possible
CEO	Ms Susan Douglas	14	14
Co-opted Director	Mr John Marr	11	14
Co-opted Director	Mr Phil Haigh	14	14
Co-opted Director	Mrs Collette Stone	11	14
Parent Director	Mrs Valerie Clarke	9	14
Parent Director	Pradeep Mahajan	2	3
Special Academy Director			
Previous Chair to Grangewood GB	Mr Mark Lemon	12	14
Special Academy Director			
Previous Chair to Moorcroft GB	Mrs Debbie Wiseman	9	14
Staff Director	Ms Jo Roger	12	14
Staff Director	Mr Andrew Sanders	14	14

An audit committee was formed as a sub-committee to the Board in June 2013. The main responsibilities of the committee is to advise and inform the Board of Directors on the effectiveness of the system of internal control, the appointment and remuneration of the external auditors, all aspects of internal audit within the trust and its risk management.

The committee met once during the accounting period and all members (Mark Lemon, Barry Nolan and Bernie Shea) were present.

The Eden Academy

GOVERNANCE STATEMENT

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Eden Academy Trust for the period of 18 April 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 18 April 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

In addition, the audit committee will perform a range of checks on the academy trust's financial systems. On a termly basis, the audit committee will report to the Board of Directors on the

The Eden Academy

GOVERNANCE STATEMENT

operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities

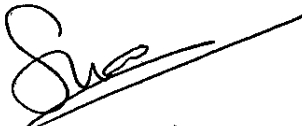
Review of Effectiveness

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

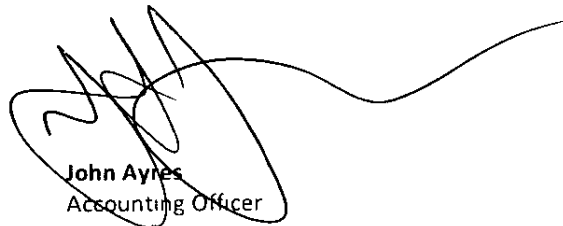
- the work of the external auditor,
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have
- responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Directors on 17 December 2013 and signed on its behalf by



Susan Douglas
CEO and Chair of Board of Directors



John Ayres
Accounting Officer

17.12.13

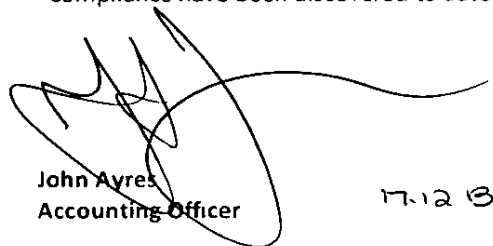
The Eden Academy

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Eden Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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



John Ayres
Accounting Officer

17.12.13

17 December 2013

The Eden Academy

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors (who act as governors of Eden Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments 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 Directors 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 Directors 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.

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

Approved by order of the members of the Board of Directors on 17 December 2013 and signed on its behalf by



Susan Douglas

17.12.13

CEO and Chair of Board of Directors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDEN ACADEMY FOR THE PERIOD ENDING ON 31 AUGUST 2013

We have audited the financial statements of The Eden Academy for the period ended 31 August 2013 on pages 18 to 39. 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 Academies Accounts Direction 2013 issued by the Education Funding Agency).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the Directors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 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,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDEN ACADEMY FOR THE
PERIOD ENDING ON 31 AUGUST 2013

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

SARAH MASON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Bucks

MK9 1BP

19 December 2013

The Eden Academy

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

for the period 18 April 2012 to 31 August 2013

	Note	Unrestricted Funds £000	Restricted general funds £000	Restricted Fixed Asset funds £000	Total 2013 £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	1	-	12	36	48
Voluntary income - Transfer from Local Authority on conversion		269	(2,414)	8,171	6,026
Activities for generating funds	2	1	26	-	27
Investment income	3	1	-	-	1
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	4	-	6,437	144	6,581
Total incoming resources		271	4,061	8,351	12,683
Resources expended					
<i>Charitable activities</i>					
Academy's educational operations	6	76	6,735	198	7,009
Governance costs	7	-	58	-	58
Total resources expended	5	76	6,793	198	7,067
Net incoming resources/(resources expended) before transfers		195	(2,732)	8,153	5,616
Gross transfers between funds	14	(195)	163	32	-
Net income/(expenditure) for the period		-	(2,569)	8,185	5,616
Other recognised gains and losses					
Actuarial (losses) on defined benefit pension schemes	14,22	-	(268)	-	(268)
Net movement in funds		-	(2,837)	8,185	5,348
Reconciliation of funds					
Funds carried forward at 31 August 2013		-	(2,837)	8,185	5,348

All of the academy's activities derive from acquisitions in the current financial period

The Eden Academy

BALANCE SHEET

31 August 2013

Company Registration No 8036395

	Notes	2013 £	2013 £
Fixed assets			
Tangible assets	11		8,185
Current assets			
Debtors	12	235	
Cash at bank and in hand		120	
		<u>355</u>	
Creditors	13		(385)
Net current liabilities			<u>(30)</u>
Total assets less current liabilities			8,155
Net assets excluding pension liability			<u>8,155</u>
Pension scheme liability	22		(2,807)
Net assets including pension liability			<u>5,348</u>
Funds of the academy trust			
Restricted funds			
• Fixed asset fund(s)	14		8,185
• General fund(s)	14		(30)
Restricted funds excluding pension reserve	14		<u>8,155</u>
• Pension reserve	14		(2,807)
Total restricted funds			<u>5,348</u>
Unrestricted funds			
• General fund(s)	14		-
Total unrestricted funds			-
Total funds			<u><u>5,348</u></u>

The financial statements on pages 18 to 39 were approved by the directors and authorised for issue on 17 December 2013, and are signed on their behalf by



Susan Douglas

CEO and Chair of Board of Directors

17 12 13

The Eden Academy
CASH FLOW STATEMENT
for the period ended 31 August 2013

	Note	2013
		£000
Net cash outflow from operating activities	17	(118)
Returns on investments and servicing of finance	18	1
Capital expenditure	19	(32)
Cash transferred on conversion to an academy trust	19A	269
Increase in cash in the period	20	120
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		120
Net funds at 31 August		120

The Eden Academy

ACCOUNTING POLICIES

for the period ended 31 August 2013

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained schools Moorcroft School and Grangewood School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Eden Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the Statement of Financial Activities and analysed under unrestricted, restricted general and restricted fixed asset funds. Further details of the transaction are set out in note 23.

Going Concern

The Directors 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 company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. No material uncertainties that may cast significant doubt about the ability of the Academy Trust to continue as a going concern have been identified by the Directors, therefore the financial statements have been prepared on a going concern basis.

Incoming resources

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

Grants receivable

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

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised on a receivable basis to the extent there is entitlement. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

The Eden Academy

ACCOUNTING POLICIES

for the period ended 31 August 2013

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

Donations are included recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income

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

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and 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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the Academy Trust's educational operations.

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

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

The Eden Academy

ACCOUNTING POLICIES

for the period ended 31 August 2013

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other funders, where the asset acquired or created is held for a specific purpose

Tangible fixed assets

Tangible fixed assets costing £3,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities

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

Long leasehold buildings	45 years
Motor Vehicles	4 years

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

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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

Leased assets

Rentals under operating leases are charged on a quarterly basis over the lease term

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective

The Eden Academy

ACCOUNTING POLICIES

for the period ended 31 August 2013

benefit method As stated in Note 22, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in other gains and losses

Agency arrangements

The Academy Trust acts as an agent in the administering of Bursary Funds for 16 to 19 year olds from the EFA Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities Where funds have not been fully applied in the period then an amount will be included as amounts due to the EFA

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2013

1 Voluntary Income

	Unrestricted funds	Restricted Funds	Restricted Fixed Asset Fund	Total 2013
	£000	£000	£000	£000
Donations - Capital	-	-	36	36
Other Donations	-	12	-	12
	-	12	36	48

2 Activities for Generating Funds

	Unrestricted funds	Restricted Funds	Restricted Fixed Asset Fund	Total 2013
	£000	£000	£000	£000
Hire of Facilities	1	-	-	1
Catering Income	-	22	-	22
School Trips Income	-	4	-	4
	1	26	-	27

3. Investment Income

Interest Received	1	-	-	1
	1	-	-	1

4 Funding for Academy Trust's Educational Operations

DfE/EFA revenue grants

General Annual Grant (GAG)	-	4,639	-	4,639
Start Up Grants	-	50	-	50
Capital Grants	-	-	144	144
Other DfE/EFA grants	-	113	-	113
	-	4,802	144	4,946

Other Government grants

Local authority grants	-	1,264	-	1,264
Other Government Grant	-	89	-	89
	-	1,353	-	1,353

Other Restricted Income

Insurance claim	-	43	-	43
Recharges	-	21	-	21
Other fees and charges	-	218	-	218
	-	6,437	144	6,581

The Eden Academy
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013

5. Resources Expended

	Non Pay Expenditure			Total 2013 £000
	Staff Costs £000	Premises £000	Other Costs £000	
Academy's educational operations				
Direct costs	5,206	-	291	5,497
Allocated support costs	479	106	927	1,512
	<u>5,685</u>	<u>106</u>	<u>1,218</u>	<u>7,009</u>
Governance costs including allocated support costs	-	-	58	58
	<u>5,685</u>	<u>106</u>	<u>1,276</u>	<u>7,067</u>

Net Incoming/outgoing resources for the period include

	Total 2013 £000
Operating leases	4
Fees payable to auditor - audit	21
- other services	<u>9</u>

6 Charitable Activities - Academy's educational operations

	Unrestricted funds £000	Restricted Funds £000	Restricted fixed assets fund £000	Total 2013 £000
Direct Costs				
Teaching and educational support staff costs	-	5,206	-	5,206
Educational supplies	-	165	-	165
Staff development	-	35	-	35
Other direct costs	-	91	-	91
	<u>-</u>	<u>5,497</u>	<u>-</u>	<u>5,497</u>

The Eden Academy
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013

	Unrestricted funds £000	Restricted Funds £000	Restricted fixed assets fund	Total 2013 £000
Allocated support costs				
Support staff costs	-	533	-	533
Depreciation	-	-	198	198
Recruitment and support	-	16	-	16
Maintenance of premises and equipment	-	106	-	106
Cleaning	-	23	-	23
Rent & rates	-	109	-	109
Insurance	-	84	-	84
Security and transport	-	41	-	41
Catering	-	125	-	125
bank interest and charges	-	124	-	124
Professional fees	-	41	-	41
Other support costs	76	36	-	112
	76	1,238	198	1,512
	76	6,735	198	7,009

7 Governance costs

Legal and professional fees	-	28	-	28
Auditor's remuneration				
Audit of financial statements	-	21	-	21
Other audit costs	-	9	-	9
	-	58	-	58

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

8 Staff Costs	Total 2013
	£000
Staff costs during the period were	
Wages and salaries	4,669
Social security costs	317
Pension costs	692
	<u>5,678</u>

The average headcount (including senior management team) employed by the Academy during the period was as follows

	Total 2013
	No
Teachers	28
Class based educational support staff	138
Administration and support	29
Management	8
	<u>203</u>

The number of employees whose emoluments were over £60,000 and who fell within the following band was

£120,001 - £130,000	1
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The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for this staff amounted to £ 17,724 (£14,484 for 12 months to August 2013)

9 Directors' Remuneration & Expenses

The Principal and staff governors only received remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as directors. The value of the directors' remuneration was as follows

The value of the Principal's remuneration was £125,706 for the accounting period (£102,725 for 12 months to August 2013). The principal is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the period amounted to £28,753 (£23,582 for 12 months to August 2013)

The value of the staff governors' remuneration (in their capacity as teachers) was £337,960 for the accounting period of 15 months (£270,522 for 12 months to August 2013). Six different staff governors are accruing retirement benefits under the Teachers' Pension Scheme and contributions paid during the accounting period of 15 months amounted to £ 28,500 (£22,018 for 12 months to August 2013) and three different staff governors are accruing retirement benefits under the LGPS, amounting to £8,744 for the accounting period (£7,205 for 12 months to August 2013)

During the period ended 31 August 2013 no expenses were reimbursed to the Trustees

Other related party transactions involving the trustees are set out in note 24

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2013

10 Directors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £ 1,000,000 on any claim. The total academy insurance premium, including building, contents and directors' and officers' insurance for the period ended 31 August 2013 was £84,000.

The cost of directors' and officers' insurance is included in the total insurance cost.

11 Tangible Fixed assets

	Leasehold Land and Buildings £000	Motor Vehicles £000	Total £000
Cost			
Transfer on conversion (note 23)	8,171		8,171
Additions	175	37	212
31 August 2013	8,346	37	8,383
Depreciation			
Charged in the period	187	11	198
31 August 2013	187	11	198
Net book value			
31 August 2013	8,159	26	8,185

12 Debtors	2013 £000
Trade debtors	120
Prepayments	24
Other debtors	91
	<u>235</u>

13 Creditors: Amounts Falling due within one Year	2013 £000
Trade creditors	213
Taxation and social security	2
Accruals and deferred income	170
	<u>385</u>
Resources deferred in the period	99
Deferred income at 31 August 2013	<u>99</u>

The deferred income relates to GAG funding for 2013/14 received during the period ended 31 August 2013.

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

14 Funds	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
Restricted general funds				
General Annual Grant (GAG) (excluding pension reserve)	4,639	(4,832)	163	(30)
Pension reserve	(2,414)	(125)	(268)	(2,807)
General Annual Grant (GAG)	2,225	(4,957)	(105)	(2,837)
Start Up Grant	50	(50)	-	-
Other DfE/EFA grants	113	(113)	-	-
Other Government grants	1,353	(1,353)	-	-
Other Income	320	(320)	-	-
Total Restricted general funds	4,061	(6,793)	(105)	(2,837)
Restricted fixed asset funds				
DfE/EFA capital grants	144	(12)	-	132
Capital donations	36	-	-	36
Capital expenditure from GAG	-	-	32	32
Inherited fixed assets	8,171	(186)	-	7,985
Total Restricted fixed asset funds	8,351	(198)	32	8,185
Total restricted funds	12,412	(6,991)	(73)	5,348
Unrestricted funds				
Unrestricted funds	271	(76)	(195)	-
Total unrestricted funds	271	(76)	(195)	-
Total funds	12,683	(7,067)	(268)	5,348

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

The Restricted General Funds

DfE/ EFA grants

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

The Start Up Grant represents funding toward the conversion to an academy from a maintained school.

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2013

Other Government Grant

The main element of funding within this heading is the top-up grants from the local authorities who commission the places at the schools. This is a payment to recognise the cost of meeting the needs of the children placed at the school. The school also receive funding from the local authority to run holiday clubs during the Easter and Summer holidays.

Other Income

This heading represent the management fee from the Royal National Institute for the Blind with who the Trust have a contract, income received from a neighbouring school for re-charges for shared utilities cost, income from sickness absence schemes and income from the British Council for whom the Principal carry out consultancy.

The Restricted Fixed Asset funds

This includes the assets donated by the London Borough of Hillingdon, funding received from the EFA from the capital maintenance grant and a donation toward a mini bus.

Funds transferred on conversion from the maintained schools surplus and a small element of income from lettings and bank interest, this has been transferred to support the balance within unrestricted funds.

The trust is carrying a net deficit of £30k on restricted general funds (excluding pension reserve) plus unrestricted funds because of additional cost during the first 15 month of operation. The trust is taking the following action to return these funds to surplus. The top-up fees with the Local Authorities have been increased to reflect some of the additional costs of becoming an academy, the Trust have now gone through the first set of financial statements and will not require as much professional external support.

Analysis of academies by fund balance

	Total
Fund balances at 31 August 2013 were allocated as follows	£000
Grangewood School	65
Moorcroft School	(95)
Total before fixed assets and pension reserve	<u>(30)</u>
Restricted fixed asset fund	8,185
Pension Reserve	<u>(2,807)</u>
Total	<u>5,348</u>

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2013

Analysis of the academy's costs

Expenditure incurred by each academy were as follows

	Teaching and educational support staff £000	Other support staff £000	Educational supplies £000	Other costs £000	Total £000
Grangewood School	2,786	321	100	621	3,828
Moorcroft School	2,291	63	65	130	2,549
Central services	129	63	-	130	322
Total	5,206	447	165	881	6,699

15 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000	Restricted General funds £000	Restricted fixed asset funds £000	Total Funds £000
Tangible fixed assets	-	-	8,185	8,185
Current assets	-	355	-	355
Current liabilities	-	(385)	-	(385)
Pension scheme liability	-	(2,807)	-	(2,807)
Total net assets	-	(2,837)	8,185	5,348

16 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

<u>Other</u>	<u>2</u>
Expiring in over five years	<u>2</u>

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

17 Reconciliation of Net Income to Net Cash Outflow from Operating Activities

	£000
Net income	5,616
Cash impact of transfer on conversion (note 23)	(6,026)
Depreciation	198
Capital grants from DfE and other capital income	(180)
FRS 17 pension cost less contributions payable (note 22)	124
Increase in debtors	(235)
Increase in creditors	385
Net Cash Outflow from Operating Activities	(118)

18 Returns on investments and Servicing of Finance

	£000
Interest received	1
Net cash inflow from returns on investment and servicing of finance	1

19 Capital Expenditure and Financial Investment

	£000
Purchase of tangible fixed assets	(212)
Capital grants from DfE/EFA	144
Capital funding received from others	36
Receipts from sale of tangible fixed assets	-
Net cash outflow from capital expenditure and financial investment	(32)

19A Cash transferred on conversion to an academy

	£000
Cash balance transferred on conversion (note 23)	269
	269

20 Analysis of changes in net funds

	Acquisition £000	At 31 August 2013 £000
Cash in hand and at bank	120	120
	120	120

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

21 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one 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

22 Pension and similar obligation

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Hillingdon. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. 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' Pensions Budgeting and Valuation 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' Pensions Scheme

TPS is a national pension scheme of which the Eden Academy is a member, and therefore the review outlined below is for the national scheme as a whole. 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. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

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 Eden Academy

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

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%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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). 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 cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the period amounted to £61,732.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £627,000, of which employer's contributions totalled £481,000 and employees' contribution totalled £146,000. The agreed rates for future years are 30 per cent for employers and employees' contribution is in banded contributions ranging from 5.5% to 7.5%, depending on the level of pay that a member receives.

Principal actuarial assumptions

	2013 £'000
Rate of increase in salaries	5.10%
Rate of increase for pensions in payment	2.80%
Discount rate	4.60%

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NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement are 65 are

	2013 £'000
Retiring today	
Males	20.8
Females	24.1
Retiring in 20 years	
Males	22.3
Females	25.7

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2013	Fair value at 31 August 2013
Equities	6.60%	967
Bonds	4.00%	332
Property	4.70%	101
Cash	3.60%	43
TOTAL MARKET VALUE OF ASSETS		1,443
Present value of scheme liabilities		
- Funded		(4,250)
(DEFICIT) IN THE SCHEME		(2,807)

The actual return on scheme assets was £184,000

Amounts recognised in the statement of financial activities	2013 £'000
Current service cost (net of employee contributions)	482
Total operating charge	482
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	57
Interest on pension liabilities	(181)
Pension finance (costs)	(124)

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NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £268,000

Movements in the present value of defined benefit obligations were as follows	2013 £'000
At 1 June 2012	3,046
Current service cost	482
Interest cost	181
Employee contributions	146
Actuarial loss	395
	<hr/>
At 31 August	4,250
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Movements in the fair value of Academy Trust's share of scheme assets	
At 1 June 2012	632
Expected return on assets	57
Actuarial gain	127
Employer contributions	481
Employee contributions	146
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At 31 August	1,443
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The estimated value of employer contributions for the year ending 31 August 2014 is £633,000

The history of experience adjustments is as follows

	2013 £'000
Present value of defined benefit obligations	(4,250)
Fair value of share of scheme assets	1,443
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Deficit in the scheme	(2,807)
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Experience adjustments on share of scheme assets Amount £'000	127
Experience adjustments on scheme liabilities Amount £'000	-

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NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013

23. Conversion to an academy trust

The Eden Academy was incorporated on 18 April 2012. On 1 June 2012 Moorcroft School and Grangewood School converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to the Eden Academy from the London Borough of Hillingdon for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted Funds	Restricted General funds	Restricted fixed asset funds	Total
	£	£	£	£
Tangible fixed assets				
Leasehold land and buildings	-	-	8,171	8,171
Budget surplus on other school funds	269	-	-	269
LGPS pension deficit	-	(2,414)	-	(2,414)
Net assets/(liabilities)	269	(2,414)	8,171	6,026

The above net assets include £269,000 that was transferred as cash.

24 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

All Board Directors, LGB governors and finance and senior staff are required to complete a 'Declaration of interest' form and such declarations are made at the start of all committee meetings.

The Forter Partnership is a consultancy firm in which Susan Douglas (CEO) is a director, the Trust spent £41,000 for services rendered in relation to her responsibility as CEO.

The Friends of Grangewood for whom John Ayres is a Trustee, donated £11,600 during the accounting period, there were no outstanding balances at the end of the period. This is a separate entity which fundraises for the Academy Trust.

The Eden Academy

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2013

25. Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, Bursary Funds for 16 to 19 year olds, on behalf of the EFA. In the period it received £1,862 and disbursed £1,862, and therefore there was no balance outstanding with the Academy Trust at the 31 August 2013. The Academy Trust retained a beneficial interest in individual transactions such that £Nil has been recognised in income and expenditure in the statement of financial activities.