

The Eden Academy

Annual Report and Financial Statements

31 August 2014

Company Limited by Guarantee
Registration Number
08036395 (England and Wales)

THURSDAY



L3N04MZ5

LD5

18/12/2014

#11

COMPANIES HOUSE

The Eden Academy
Contents

Reports

Reference and administrative information	1
Directors' report	3
Governance statement	12
Statement of Regularity, propriety and compliance	18
Statement of Directors' responsibilities	19
Independent auditor's report on the financial statements	20
Independent accountant's report on regularity	22

Financial statements

Statement of financial activities	24
Balance sheet	25
Cash flow statement	26
Principal accounting policies	27
Notes to the financial statements	32

The Eden Academy
Reference and administrative information
as at 15 December 2014

Members

Susan Douglas
Karen Deacon
Phil Haigh
Collette Stone
Angela St John
Dennis Goldthorpe
Hardip S Begol
Pamela J Stentiford
Judith E Hemery
Barry J Nolan

Directors

Susan Douglas * (Chairman)
Karen Deacon (Deputy Chair)
Phil Haigh
Collette Stone
John Ayres (Principal)
Angela St John
Dennis Goldthorpe #
Hardip S Begol
Pamela J Stentiford *
Judith E Hemery
Barry J Nolan *

* members of the Finance Committee

member of the Audit Committee

**Finance & Operations Director and
Company Secretary**

Sudhi Pathak
Moorcroft School
Bramble Close
Hillingdon
UB8 3BF

Senior Management Team

Principal	John Ayres
Head of RNIB Sunshine House School	Jackie Seaman
Head of Grangewood School	Hilary McDermott
Head of Moorcroft School	Andrew Sanders
Head of Alexandra School	Perdy Buchanon-Barrow

The Eden Academy
Reference and administrative information (continued)
as at 15 December 2014

Registered address Grangewood School
Fore Street
Eastcote
Pinner
Middlesex
HA5 2JQ

Company registration number 08036395 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Lloyds Bank plc
286-288 Station Road
Harrow
HA1 2EB

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

The Eden Academy
Directors' report Year to 31 August 2014

The Directors of The Eden Academy ('the Academy') present their annual report together with the financial statements and the auditor's report and accountant's report of the charitable company for the year to 31 August 2014. The annual report serves the purposes of a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 31 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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 Eden Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Eden Academy.

Details of the Directors who served during the year are included 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 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)

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 one claim and the cost for the year ended 31 August 2014 was £975 (2013 - £975).

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").

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities (continued)

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

Directors

The Directors are directors of the charitable company for the purposes of the Companies Act 2006. The following Directors were in office at 31 August 2014 and to date and served throughout the year except where shown.

Trustee	Appointed	Appointing body
Susan Douglas		Board of Directors
Karen Deacon	1 September 2013	Board of Directors
Phil Haigh		Board of Directors
Collette Stone	1 September 2013	Board of Directors
John Ayres (Principal)	1 September 2013	Board of Directors
Angela St John	1 September 2013	Board of Directors
Dennis Goldthorpe	1 September 2013	Board of Directors
Hardip S Begol	1 September 2013	Board of Directors
Pamela J Stentiford	1 September 2013	Board of Directors
Judith E Hemery	1 September 2013	Board of Directors
Barry J Nolan	1 September 2013	Board of Directors

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 2012. 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.

During the summer term 2013, the Board of Directors undertook a review of governance during which it was decided that a significant restructuring would take place. This was in line with the Boards initial aim. The Academy also welcomed Alexandra School into the Academy from September 2013.

The restructured Board comprises:

- ◆ The Chief Executive Officer;
- ◆ Principal;
- ◆ Grangewood School Local Governing Body (LGB) Representative;
- ◆ Moorcroft School Local Governing Body (LGB) Representative;
- ◆ Alexandra School LGB Representative;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Directors (continued)

- ◆ Pentland Field (planned opening January 2015) LGB Chair; and
- ◆ 5 Additional Directors.

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.

Organisational structure

The Academy Trust has appointed a CEO of the Trust, who's role and responsibilities are as follows:

The role of the CEO

The role of the CEO is to assume ultimate responsibility for the Board of Directors. 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 The Eden Academy;
- ◆ Set, implement and review strategy for the organisation;
- ◆ Seek new opportunities and partnerships to enrich the work of The Eden Academy and develop its ethos, practices and reputation; and
- ◆ 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 The Eden Academy;
- ◆ To ensure strategies are in place to build and motivate teams and develop their capabilities and performance; and
- ◆ To ensure that all staff at The Eden Academy understand organisational goals and share a commitment to delivering them; and
- ◆ To ensure that the organisation is in a healthy financial position and manages its finances and resources prudently and effectively.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The role of the CEO (continued)

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 Board; and
- ♦ To develop The Eden Academy Board so that it fulfils its governance function effectively.

External Communications

- ♦ To develop and communicate a consistent, appropriate and effective brand for the organisation based on The Eden Academy'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; and
- ♦ To develop The Eden Academy's profile as an pioneering, influential and thoughtful voice at the forefront of thinking in the Special Educational Needs (SEN) arena.

The Accounting Officer

The Principal has been appointed as the Trust's Accounting Officer and is responsible for signing off the Trusts consolidated annual financial statements. His 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.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

OBJECTIVES AND 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 and in the Local Authority of Harrow at Alexandra 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 are 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

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 are to develop consistency and common approaches across the Academy Trust within the following areas:

- ◆ Pupils
- ◆ Staff
- ◆ Families
- ◆ Wider Community

The Trust also aim to develop knowledge and understanding of the individual schools across the Trust.

OBJECTIVES AND ACTIVITIES (continued)

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.

STRATEGIC REPORT

Achievements and performance

Review of activities

- ◆ Two more Academy schools achieved an Outstanding Ofsted result in their inspections this year - Grangewood School and RNIB Sunshine House School;
- ◆ A newly branded Eden Academy website was launched;
- ◆ Successfully secured the site for the new special school - Pentland Field School - gained positive press attention and recruited our first key members of staff including Head of School. The school is due to open in January 2015;
- ◆ Extension of Family Services - Alexandra Holiday club took place for the first time. Now After School Clubs and Holiday Clubs are operating in every Academy School;
- ◆ Continuous Professional Development (CPD) - talent spotting, succession planning has developed considerably in association with Hillingdon Teaching School Alliance; and
- ◆ Much better defined long term (3 year) planning across the Academy.

Key financial performance indicators

The Trust has just completed its second financial year during which it has consolidated its position. 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.

Going concern

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

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

The Trust has ended the year with a balance of £6,747k (2013 - £5,348k) which is made up from the fixed asset fund (donated assets from LA) of £10,081k, a revenue balance of £708k and a deficit Pension Fund balance of £4,042k.

At the end of the first year, 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 placed the Trust in an improved financial position at the end of the current year.

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.) to align the best practice across the Trust merging and refining these policies for approval by the Board of Directors and Local Governing Bodies. 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 all three schools have worked to the high standards set by the Board of Directors. The collaboration between the three 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 (to be known as Pentland Fields). The school is scheduled to open in January 2015.

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 Hillingdon LA 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.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies (continued)

Free School

The Free School has been approved and initial funding to develop this project has been received. The main risk within this project was that it would not be able to open in September 2014. The purchase of the school building caused substantial delay and the school is now due to open in January 2015. 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.

Reserves policy

The Trust has ended the accounting period with a balance of £6,747k which is made up from the fixed asset fund (donated assets from LA) of £10,081k, a revenue balance of £708k and a pension fund deficit balance of £4,042k.

Following a period of significant change the Board are working towards developing a reserves policy for the Academy Trust in order to provide sufficient working capital to cover delays between spending and receipt of grant payments and to provide resources to deal with unexpected emergencies.

Investment policy

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

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.

STRATEGIC REPORT (continued)

Plans for future periods

Future plans centre around consolidating and strengthening the Academy. These include

- ◆ Consolidating the position of the free school by ensuring pupil numbers are increased to capacity by September 2016. This will be achieved through close dialogue with the Local Authority in neighbouring areas and also further afield.
- ◆ The Academy Development Plan for 2014-15 contains the following overarching aims.
 - ◇ Developing cohesive Information Computing Technology (ICT) approach across the Academy;
 - ◇ Developing systematic collaboration;
 - ◇ Developing Therapeutic Services;
 - ◇ Developing systems to support succession planning;
 - ◇ Communicating successes more effectively to Stakeholders;
 - ◇ Developing a clear asset management plan; and
 - ◇ Improving governance at all levels.

AUDITOR

In so far as the Directors are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Directors 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.

Directors' report, incorporating a strategic report, approved by order of the members of the Board of Directors on 15 December 2014 and signed on its behalf by:



Susan Douglas
Chair of Directors

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that the The Eden Academy 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 have 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 and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal 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 has formally met nine times during the year. Attendance during the year at meetings of the board of Directors was as follows:

Governor	Meetings attended	Out of a possible
Susan Douglas (Chairman)	9	9
Karen Deacon (Deputy Chair)	7	9
Phil Haigh	7	9
Collette Stone	7	9
John Ayres (Principal)	8	9
Angela St John	9	9
Dennis Goldthorpe	8	9
Hardip S Begol	8	9
Pamela J Stentiford	8	9
Judith E Hemery	8	9
Barry J Nolan	9	9

Governance reviews

The Eden Academy undertook a review of the governance arrangements for the Trust in the Summer Term 2013. This looked at two specific issues:

- ◆ whether the current arrangements included sufficient expertise in all areas necessary for good governance (e.g. education, HR, asset management); and
- ◆ whether there was sufficient clarity around decision points and consultation.

As a result of the review, actions were undertaken as follows:

- ◆ The Board of Directors was re-structured and new Directors recruited in areas where expertise was needed. This resulted in a significant change in the make-up of the Board which met together as new Board for the first time in September 2013.

Governance reviews (continued)

- ◆ The Scheme of Delegation was revised considerably over the course of the year 2013-14 in consultation with the various levels of governance within the Academy. This was ratified by the Board of Directors in the Autumn Term 2014.

Another review will take place in the Summer Term 2015.

Finance and General Purposes Committee

The Finance and General Purposes Committee is a sub-committee of the main board of Directors. Its purpose is to:

- ◆ Ensure the Academy is operating within its funding agreement providing assurance for the Accounting Officer;
- ◆ To review and agree policies relating to Finance as delegated by the Board of Directors e.g. Finance Policy, Record of Financial Responsibility including levels of delegation, Charges and Remissions, Expenses and Best Value Statement;
- ◆ In consultation with the Principal, Heads of School and Head of Operations and Resources, to draft and recommend to the Board, the first formal budget plan of the financial year, carry out revisions monitor the budget , and report regularly to the Board of Directors on progress at school and academy level;
- ◆ To establish and maintain an up to date 3 year strategic financial plan;
- ◆ To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Local Governing Bodies or Board of Directors;
- ◆ To consider a medium term plan report annually to inform the recovery of deficit if applicable;
- ◆ To receive reports from the audit committee and action where necessary, including the Statement of Internal Control;
- ◆ To review service agreements, contracts and insurance (buildings and public liability) and make decisions on unallocated funds following recommendations from other committees or Local Governing Bodies;
- ◆ To be responsible, in conjunction with the Board of Directors, for determining dismissal payments/early retirement; and
- ◆ To review benchmarking data on an annual basis to secure best value for money.

During the year, Phil Haigh resigned on 30 June 2014 and Carole Mullett resigned on 31 August 2014. Susan Douglas was appointed on 7 July 2014.

Finance and General Purposes Committee

Attendance at meetings in the year was as follows:

Governor	Status	Meetings attended	Out of a possible
Barry Nolan	Director, governor Alexandra and Chair of Finance Committee	7	7
Phil Haigh (resigned 30 June 2014)	Director, governor Moorcroft	5	6
Pam Stentiford	Director	7	7
John Marr	Governor rep Grangewood	6	7
Debbie Wiseman	Governor rep Moorcroft	7	7
Carole Mullett (resigned 31 August 2014)	Governor rep Alexandra	3	7
Susan Douglas (appointed 7 July 2014)	Director and CEO	1	1

Audit Committee

The Audit Committee is also a sub-committee of the main board of Directors. The terms of reference of the audit committee are outlined below:

- ◆ Advising the board of trustees on the effectiveness of the whole system of internal control, not just financial controls.

This will specifically include the controls of IT systems. Those controls to include such things as:

- ◇ Appropriate access to data entry, data authorisation, and data reporting
- ◇ Appropriate risk management of IT - backup and disaster recovery.
- ◇ Appropriate data protection procedures.

- ◆ Advising on the appointment and remuneration of external auditors.
- ◆ Oversight of the performance of external auditors and internal audit, including establishing performance measures.
- ◆ Advising on the establishment of an internal audit function.
- ◆ Advising on the scope of work and objectives of internal audit.
- ◆ Advising on the appointment and remuneration of internal audit.
- ◆ Oversight of internal audit plans and audit needs assessments, relating this to the risks identified.
- ◆ Ensuring co-ordination between the internal audit service and external auditors.
- ◆ Advising on internal audit assignment reports and annual opinions.

The Eden Academy
Governance statement (continued) Year to 31 August 2014

Audit Committee (continued)

- ◆ Advising the board of trustees on external audit findings reports and management letters.
- ◆ Reporting annually to the board on the work of the audit committee.
- ◆ Advising the board of trustees on actions taken against the risk management plan.
- ◆ Monitoring implementation of recommendations in audit reports and management letters.
- ◆ Review of financial regulations and procedures, through internal and external audit.
- ◆ Intervene if there are signs that something may be seriously amiss, in particular in connection with explanations given by auditors and management.
- ◆ Commissioning investigations and seeking professional advice as considered necessary.
- ◆ Responsibility for commissioning investigation of potential instances of fraud or irregularity or cases of whistle blowing.
- ◆ Review Local Governing Board agreed policies to ensure these do not contradict Academy – wide policies.

Members	Meetings attended	Out of a possible
Mark Lemon	6	6
Bernie Shea (resigned 31 December 2013)	1	2
Dennis Goldthorpe (from 11 December 2013): Director	4	5
Martin Hand (from 27 March 2014)	3	3

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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy's 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 at the Academy for the year ended 31 August 2014 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 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 ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2014 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'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 by the finance and general purposes committee 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. However the Directors have appointed Mark Lemon (Chair of the Audit Committee), as responsible officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

Key areas reviewed were expenditure and financial reporting.

Review of effectiveness

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

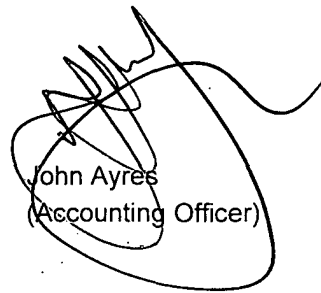
- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor; and
- ◆ the work of the Senior Management Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the finance committee of the implications of his review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of Directors on 15 December 2014 and signed on their behalf by:



Susan Douglas
(Chair of Directors)



John Ayres
(Accounting Officer)

The Eden Academy

Statement on regularity, propriety and compliance Year to 31 August 2014

As accounting officer of The Eden Academy, 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.

Except for the matter noted below, I confirm that there are no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Directors and EFA.

- ♦ As described in note 25 to the financial statements, the Chief Executive Officer, Susan Douglas, is paid for her services as Chief Executive through her consultancy firm, The Forter Partnership. These payments were made 'off-payroll' throughout the year and is inconsistent with the 'Review of tax arrangement of public sector appointees,' published by H M Treasury in 2012 and therefore does not comply with the requirements of the Academies Financial Handbook. The arrangements were established at the inception of the Academy Trust and have been communicated during the year in detail to the EFA. Testing of the source documentation back to the Trust's financial systems by the EFA confirmed that the internal control arrangements of the Trust for the payment of these invoices were working effectively. All payments made were authorised by a member of the Trust's senior management team other than the Chief Executive and were at less than market value.



John Ayres

Accounting Officer

Date: 15 December 2014

The Eden Academy
Statement of Directors' responsibilities Year to 31 August 2014

The Directors (who act as governors of the Academy and are also the directors of the Academy 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 Academy 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' Statement of Recommended Practice (the Charities' SORP);
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom 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 Academy will continue in operation.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy 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 charity and financial information included on the Academy'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 15 December 2014 and signed on its behalf by:


Susan Douglas
Chair of Directors

Independent auditor's report on the financial statements to the Members of The Eden Academy

We have audited the financial statements of The Eden Academy ("the charitable company") for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies 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 Academies Accounts Direction 2013 to 2014 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

The governors act as trustees for the charitable activities of The Eden Academy and are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, including the strategic report, the Directors 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report, including the strategic 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

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

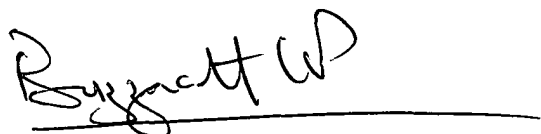
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

18 December 2014

Independent reporting accountant's assurance report on regularity to The Eden Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 June 2014 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 Eden Academy during the period from 1 September 2013 to 31 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 Eden Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Eden Academy and the 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 Eden Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Eden Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Eden Academy's funding agreement with the Secretary of State for Education dated 30 May 2012 and the Academies Financial Handbook, extant from 1 September 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 from 1 September 2013 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 the 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.

Approach (continued)

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

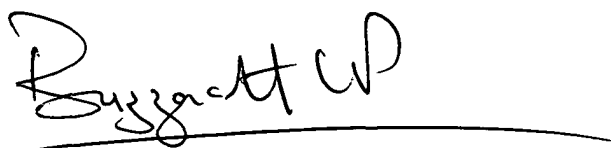
The work undertaken to draw to our conclusion includes:

- ♦ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ♦ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ♦ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2013 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.

- ♦ As described in note 25 to the financial statements, the Chief Executive Officer, Susan Douglas, is paid for her services as Chief Executive through her consultancy firm, The Forter Partnership. These payments were made 'off-payroll' throughout the year and is inconsistent with the 'Review of tax arrangement of public sector appointees,' published by H M Treasury in 2012 and therefore does not comply with the requirements of the Academies Financial Handbook. The arrangements were established at the inception of the Academy Trust and have been communicated during the year in detail to the EFA. Testing of the source documentation back to the Trust's financial systems by the EFA confirmed that the internal control arrangements of the Trust for the payment of these invoices were working effectively. All payments made were authorised by a member of the Trust's senior management team other than the Chief Executive and were at less than market value.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2014

The Eden Academy

Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) Year to 31 August 2014

		Restricted funds					Period from 18 April 2012 to 31 August 2013 £000
	Notes	Unrestricted general fund £000	General £000	Other £000	Fixed assets fund £000	Year to 31 August 2014 £000	
Incoming resources							
Incoming resources from generated funds							
Voluntary income	1	50	—	—	—	50	48
Voluntary income – transfer from local authority on conversion	24	45	(632)	—	2,145	1,558	6,026
Activities for generating funds	2	155	—	—	—	155	27
Investment income	3	1	—	—	—	1	1
Incoming resources from charitable activities							
Funding for the academy's educational operations	4	—	3,008	5,212	21	8,241	6,581
Total incoming resources		251	2,376	5,212	2,166	10,005	12,683
Resources expended							
Charitable activities							
Academy's educational operations	6	24	2,767	4,935	248	7,974	7,009
Governance costs	7	—	53	—	—	53	58
Total resources expended	5	24	2,820	4,935	248	8,027	7,067
Net income (expenditure) for the year before transfers							
		227	(444)	277	1,918	1,978	5,616
Transfers	15	(52)	74	—	(22)	—	—
		175	(370)	277	1,896	1,978	5,616
Other recognised gains and losses							
Actuarial losses on defined benefit pension scheme							
	23	—	(579)	—	—	(579)	(268)
Net movement in funds		175	(949)	277	1,896	1,399	5,348
Reconciliation of funds							
Total fund balances brought forward at 1 September		—	(2,837)	—	8,185	5,348	—
Total fund balances carried forward at 31 August		175	(3,786)	277	10,081	6,747	5,348

All of the Academy's activities derived 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 Eden Academy
Balance sheet 31 August 2014

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible fixed assets	12		10,081		8,185
Current assets					
Debtors	13	263		235	
Cash at bank and in hand		1,159		120	
		<u>1,422</u>		<u>355</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(714)		(385)	
Net current assets (liabilities)			<u>708</u>		<u>(30)</u>
Total assets less current liabilities			<u>10,789</u>		<u>8,155</u>
Pension scheme liability	23		(4,042)		(2,807)
Net assets including pension scheme liability			<u>6,747</u>		<u>5,348</u>
Funds of the Academy					
Restricted income funds					
. Fixed assets fund	15		10,081		8,185
. General fund	15		532		(30)
. Pension reserve	15		(4,042)		(2,807)
. Other funds	15				
	15		<u>6,571</u>		<u>5,348</u>
Unrestricted funds					
. General fund	15		176		—
Total funds			<u>6,747</u>		<u>5,348</u>

The financial statements on page 24 to 47 were approved by the Directors, and authorised for issue on 15 December 2014 and are signed on their behalf by:



Susan Douglas
Chair of Directors

The Eden Academy
Company Limited by Guarantee
Registration Number: 08036395 (England and Wales)

The Eden Academy
Cash flow statement Year to 31 August 2014

	Notes	Year to 31 August 2014 £000	Period from 18 April 2012 to 31 August 2013 £000
Net cash inflow (outflow) from operating activities	18	972	(118)
Returns on investment and servicing of finance	19	1	1
Capital expenditure	20	21	(32)
Cash transferred on conversion to an academy trust		45	269
Increase in cash in the year		1,039	120
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September		120	—
Net funds at 31 August		1,159	120

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 the EFA and 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 financial statements have been prepared on a going concern basis. 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.

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

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 year 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. 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.

♦ Donations

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

♦ Other income

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

Incoming resources (continued)

♦ ***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.

During the year, there was a transfer of a building from the Local Authority relating to Alexandra School, for £nil consideration. The building was valued at fair value.

Resources expended

All expenditure is recognised in the year 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 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.

♦ ***Costs of generating funds***

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

♦ ***Charitable activities***

These are costs incurred on the academy trust's educational operations.

♦ ***Governance costs***

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £3,000 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, 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. 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/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

- | | |
|----------------------------|----------|
| ♦ Long leasehold buildings | 45 years |
| ♦ Motor vehicles | 4 years |

Depreciation is charged from the year of acquisition.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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 quarterly basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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.

Pensions benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 23, 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 LGPS is a funded scheme and the assets are held separately from those of the Academy 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.

The Eden Academy
Principal accounting policies (continued) Year to 31 August 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 Directors.

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

Restricted general funds comprise all other grants received from the Education Funding Agency/Department for Education.

Restricted other funds comprise all other restricted funds received and include grants from the local authorities.

The Eden Academy
Notes to the Financial Statements Year to 31 August 2014

1 Voluntary income

	Unrestricted funds £000	Restricted funds £000	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
Donations - capital	—	—	—	36
Other donations	50	—	50	12
	<u>50</u>	<u>—</u>	<u>50</u>	<u>48</u>

2 Activities for Generating Funds

	Unrestricted funds £000	Restricted funds £000	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
Hire of facilities	—	—	—	1
Sale of classroom materials	5	—	5	—
Catering income	26	—	26	22
School trips income	3	—	3	4
Other fees and charges	121	—	121	—
	<u>155</u>	<u>—</u>	<u>155</u>	<u>27</u>

Other fees and charges include £87,000 of charges to Sunshine House for the use of teachers and educational support staff from Eden Academy.

3 Investment Income

	Unrestricted funds £000	Restricted funds £000	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
Interest receivable	1	—	1	1

The Eden Academy
Notes to the Financial Statements (continued) Year to 31 August 2014

4 Funding for academy's educational operations

	Unrestricted funds £000	Restricted funds £000	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
DfE/EFA capital grant				
. Devolved formula capital allocations	—	21	21	—
DfE / EFA revenue grants				
. General Annual Grant (GAG)	—	2,624	2,624	4,639
. Start Up grants	—	220	220	50
. Capital grants	—	—	—	144
. Other DfE / EFA	—	164	164	113
	—	3,008	3,008	4,946
Other government grants				
. Local authority grants	—	4,968	4,968	1,264
. Special educational projects	—	48	48	89
	—	5,016	5,016	1,353
Other restricted income				
Insurance claim	—	21	21	43
Recharges	—	—	—	21
Other fees and charges	—	175	175	218
	—	196	196	282
	—	8,241	8,241	6,581

5 Resources expended

	Non pay expenditure			Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
	Staff costs £000	Premises £000	Other costs £000		
. Academy's educational operations					
.. Direct costs	5,739	—	327	6,066	5,497
.. Allocated support costs	642	117	1,149	1,908	1,512
	6,381	117	1,476	7,974	7,009
Governance costs including allocated support costs	—	—	53	53	58
	6,381	117	1,529	8,027	7,067
Incoming resources for the year include:					
Operating leases				3	4
Fees payable to auditor					
. Statutory audit				18	21
. Other services				—	9

6 Charitable activities - academy's educational operations

	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
Direct costs		
Teaching and educational support staff costs	5,739	5,206
Educational supplies	231	165
Staff development	46	35
Other direct costs	50	91
	6,066	5,497
Allocated support costs		
Support staff costs	642	533
Depreciation	249	198
Recruitment and support	46	16
Maintenance of premises and equipment	117	106
Cleaning	43	23
Rent and rates	92	109
Insurance	184	84
Security and transport	4	41
Catering	112	125
Bank interest and charges (including FRS 17 adjustment)	131	124
Professional fees	168	41
Other overhead	120	112
	1,908	1,512
Total direct and support costs	7,974	7,009

7 Governance costs

	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
Legal and professional fees	37	28
Auditor's remuneration:		
Audit of financial statements	18	21
Non-statutory audit	—	9
Non- statutory audit - prior year	(2)	—
	53	58

8 Staff

(a) Staff costs

Staff costs during the year were:

	Year to 31 August 2014 Total funds £000	Period from 18 April 2012 to 31 August 2013 Total funds £000
Wages and salaries	5,002	4,499
Social security costs	339	317
Pension costs	920	692
	6,261	5,508
Supply teacher costs	117	160
Staff restructuring costs	3	10
	6,381	5,678

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,500 (2013 - £10,000).

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the year expressed as a full time equivalents was as follows:

Charitable activities	Year to 31 August 2014 No	Period from 18 April 2012 to 31 August 2013 No
Teachers and educational support	152	132
Administration and support	36	26
Management	6	3
	194	161

(d) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	Year to 31 August 2014 No	Period from 18 April 2012 to 31 August 2013 No
£60,001 - £70,000	1	—
£100,001 - £110,000	1	—
£120,001 - £130,000	—	1

8 Staff (continued)

(d) Higher paid staff (continued)

Both of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £24,593 (2013 - £17,724).

9 Directors' remuneration and expenses

The Principal and staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of Directors' remuneration was as follows:

	Year to 31 August 2014 £'000	Period from 18 April 2012 to 31 August 2013 £'000
John Ayres (Principal)	100-105	125-130

During the year ended 31 August 2014, there were no travel and subsistence expenses (2013 - £nil) reimbursed to the Directors.

Other related party transactions involving the Directors are set out in note 25.

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 one claim and the cost for the year ended 31 August 2014 was £975 (2013 - £975).

11 Central services

The Academy Trust has provided the following central services to its academies during the year:

- ♦ Human resources;
- ♦ Financial services;
- ♦ Legal services;
- ♦ Educational support services;
- ♦ IT services
- ♦ Careers support; and

The Eden Academy
Notes to the Financial Statements (continued) Year to 31 August 2014

11 Central services (continued)

- ◆ Provision for students aged 16 and over.

The Academy Trust charges for these services on the following basis:

- ◆ flat percentage of income 6%;

The actual amounts charged during the year were as follows:

	2014 £'000	2013 £'000
Alexandra School	108	—
Grangewood School	181	162
Moorcroft School	134	—
Sunshine House	60	—
Central services	65	250
	548	412

12 Tangible fixed assets

	Leasehold land and buildings £000	Motor vehicles £000	Total funds £000
Cost/valuation			
At 1 September 2013	8,346	37	8,383
Transfer on conversion	2,145	—	2,145
At 31 August 2014	10,491	37	10,528
Depreciation			
At 1 September 2013	187	11	198
Charge in year	240	9	249
At 31 August 2014	427	20	447
Net book value			
At 31 August 2014	10,064	17	10,081
At 31 August 2013	8,159	26	8,185

13 Debtors

	2014 £000	2013 £000
Trade debtors	173	120
Prepayments and accrued income	68	24
Other debtors	22	91
	263	235

The Eden Academy
Notes to the Financial Statements (continued) Year to 31 August 2014

14 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	12	213
Taxation and social security	103	2
Accruals and deferred income	599	170
	714	385
Deferred income		
Deferred Income at 1 September	99	—
Amounts released from previous years	(99)	99
Resources deferred in the year	439	—
Deferred Income at 31 August	439	99

Deferred income relates to grant funding received in the year, relating to 2014/15.

15 Funds

	Balance at 1 September 2013 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2014 £000
EFA revenue grant fund					
. General Annual Grant (GAG)	(30)	2,624	(2,532)	74	136
. Start Up Grant	—	220	(124)	—	96
. Other EFA grants	—	5,376	(5,076)	—	300
	(30)	8,220	(7,732)	74	532
. Pension reserve	(2,807)	(656)	—	(579)	(4,042)
General fund	(2,837)	7,564	(7,732)	(505)	(3,510)
Fixed assets fund					
. EFA capital grants	132	21	(9)	—	144
. Capital expenditure from GAG	36	—	—	(22)	14
. Capital grants from Local Authority	32	—	—	—	32
. Academy building and furniture and equipment transferred from Local Authority	7,985	2,145	(239)	—	9,891
	8,185	2,166	(248)	(22)	10,081
Total restricted funds	5,348	9,730	(7,980)	(527)	6,571
Unrestricted funds					
. General funds	—	252	(24)	(52)	176
Total unrestricted funds	—	252	(24)	(52)	176
Total funds	5,348	9,982	(8,004)	(579)	6,747

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

15 Funds (continued)

EFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Fixed asset fund

These grants relate to funding received to purchase assets of a capital nature and buildings inherited on conversion.

Pension reserve

The pension reserve relates to the Trust's share of the deficit of the Local Government Pension schemes.

Transfers

Transfers have been made to represent the reimbursement of capital items out of the revenue grant fund purchased below the capitalisation threshold.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £'000
Grangewood School	469
Moorcroft School	146
Alexandra School	93
Total before fixed assets and pension reserve	708
Restricted fixed asset fund	10,081
Pension liability	(4,042)
Total	6,747

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and education support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total £'000
Grangewood School	2,618	338	135	812	3,903
Moorcroft School	1,883	195	47	70	2,195
Alexandra School	1,238	215	49	126	1,628
Academy Trust	5,739	748	231	1,008	7,726

The other costs of £812,000 within Grangewood School include £502,000 of central costs relating to the academy staff training, office rental, insurance amongst other costs. Also included is £122,000 of costs relating to the set up of Pentland Field School.

16 Analysis of net assets between funds

	Unrestricted funds £000	Restricted General Funds £000	Restricted Fixed Asset Fund £000	Total 2014 £000
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	—	—	10,081	10,081
Current assets	176	1,246	—	1,422
Current liabilities	—	(714)	—	(714)
Pension scheme liability	—	(4,042)	—	(4,042)
Total net assets	176	(3,510)	10,081	6,747

17 Financial commitments

Operating leases

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

	Year to 31 August 2014 £'000	Period from 18 April 2012 to 31 August 2013 £'000
Other		
Expiring within one year	2	—
Expiring within two and five years inclusive	1	—
Expiring in over five years	—	2
	3	2

18 Reconciliation of net income to net cash inflow from operating activities

	Year to 31 August 2014 £'000	Period from 18 April 2012 to 31 August 2013 £'000
Net income	1,979	5,616
Cash impact of transfer on conversion	(1,558)	(6,026)
Depreciation (note 12)	249	198
Capital grants from DfE and other capital income	(21)	(180)
Interest receivable (note 3)	(1)	—
FRS 17 pension cost less contributions payable (note 23)	(107)	124
FRS 17 pension finance income (note 23)	131	—
(Increase) in debtors	(28)	(235)
Increase in creditors	328	385
Net cash inflow from operating activities	972	(118)

19 Returns on investment and servicing of finance

	Year to 31 August 2014 £'000	Period from 18 April 2012 to 31 August 2013 £'000
Interest received	1	1
Net cash inflow from returns on investment and servicing of finance	1	1

20 Capital expenditure and financial investment

	Year to 31 August 2014 £'000	Period from 18 April 2012 to 31 August 2013 £'000
Purchase of tangible fixed assets	—	(212)
Capital grants from DfE / EFA	21	144
Capital funding received from sponsors and others	—	36
Net cash inflow (outflow) from capital expenditure and financial investments	21	(32)

21 Analysis of changes in net funds

	At 1 September 2013 £'000	Cashflows £'000	At 31 August 2014 £'000
Cash in hand and at bank	120	1,039	1,159

22 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

23 Pension and similar obligations

The Academy'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 Hillingdon and Harrow County Council. 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 2013.

23 Pension and similar obligations (continued)

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

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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- ◆ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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 reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted 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.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £933,000, of which employer's contributions totalled £771,000 and employees' contributions totalled £162,000.

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.6%	5.10%
Rate of increase for pensions in payment / inflation	2.8%	2.80%
Discount rate for scheme liabilities	4.2%	4.60%

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

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.4	20.8
Females	24.6	24.1
<i>Retiring in 20 years</i>		
Males	24.4	22.3
Females	26.9	25.7

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £000
Equities	6.4%	1,733	6.6%	967
Bonds	3.5%	554	4.0%	332
Property	4.5%	228	4.7%	101
Cash	3.3%	69	3.6%	43
Total market value of assets		2,584		1,443
Present value of scheme liabilities		(6,626)		(4,250)
(Deficit) in the scheme		(4,042)		(2,807)

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual return/loss on scheme assets was £234,000.

	2014 £'000	2013 £'000
Amounts recognised in statement of financial activities		
Current service costs (net of employee contributions)	664	482
Total operating charge	664	482

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	121	57
Interest on pension liabilities	(252)	(181)
Pension finance (costs)	(131)	(124)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of losses recognised in the statement of financial activities since the adoption of FRS 17 is a gain of £211,000.

Movements in the overall deficit were as follows:	2014 £'000	2013 £'000
Deficit at 1 September 2013/ 1 June 2012	(2,807)	(2,414)
Deficit at 1 September 2013 (Alexandra)	(632)	—
Current service cost	(664)	(482)
Employer contributions	771	481
Net finance interest	(131)	(124)
Actuarial gains (losses)	(579)	(268)
At 31 August	(4,042)	(2,807)

Movements in the present value of defined benefit obligations were as follows:	2014 £'000	2013 £'000
Deficit at 1 September 2013/ 1 June 2012	4,250	3,046
Deficit at 1 September 2013 (Alexandra)	837	—
Current service costs	664	482
Interest costs	252	181
Employee contributions	162	146
Actuarial (gain)	515	395
Benefits paid	(54)	—
At 31 August	6,626	4,250

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	2014 £'000	2013 £'000
Movements in the fair value of Academy's share of scheme assets:		
At 1 September	1,443	632
At 1 September (Alexandra)	205	—
Expected return on assets	121	57
Actuarial (loss)	(64)	127
Employer contributions	771	481
Employee contributions	162	146
Benefits paid	(54)	—
At 31 August	2,584	1,443

The estimated value of the employer contributions for the year ended 31 August 2015 is £579,000.

The five year history of experience adjustments are as follows:

	2014 £000	2013 £000
Present value of defined benefit obligations	(6,626)	(4,250)
Fair value of share scheme assets	2,584	1,443
Deficit on the scheme	(4,042)	(2,807)
Experience adjustments on share of scheme assets		
Amount	—	127
Experience adjustments on scheme liabilities		
Amount	—	—

24 Conversion to an academy trust

On 1 September 2013 Alexandra 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 Harrow 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 value of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

The Eden Academy
Notes to the Financial Statements (continued) Year to 31 August 2014

24 Conversion to an academy trust (continued)

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	Total £'000
Tangible fixed assets	—	—	2,145	2,145
Leasehold land and buildings				
Budget surplus on other school funds	45	—	—	45
LGPS pension deficit	—	(632)	—	(632)
Net assets (liabilities)	45	(632)	2,145	1,558

The above net assets include £45,000 that was transferred as cash.

25 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustees has 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 Academy spent £37,375 (2013 - £41,000) for services rendered in relation to her responsibility as CEO of The Eden Academy.

The Friends of Grangewood for whom John Ayres is a Trustee, donated £nil (2013 - £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 spouse of the Head of School at Alexandra School carried out some IT work on the school website. Payment is made through the school's payroll. The number of days worked was agreed by the School Governing Body and he was appointed by the previous Head of the School. His earnings for the year were £3,176.