

**Emerson Park  
Academy**

**Annual Report and Financial  
Statements**

Year ended 31 August 2013

Company Limited by Guarantee  
Registration Number  
07726858 (England and Wales)

## Contents

### Reports

Reference and administrative information	1
Directors' report	3
Governance statement	11
Statement on regularity, propriety and compliance	14
Statement of directors' responsibilities	15
Independent auditor's report on financial statements	16
Independent auditor's report on regularity	18

### Financial statements

Statement of financial activities	20
Balance sheet	21
Cash flow statement	22
Principal accounting policies	23
Notes to the financial statements	27

## Reference and administrative information

<b>Directors</b>	Mr Martin Tilbury (Chair of Directors) Mr John Luff (Vice Chair of Directors) Mr Colin Buckmaster Mrs Kay Chamberlin Mr Paul Connew Mr Michael Gleeson Mr John Gray Mrs Della Jones Mrs Pamela Lee Mrs Victoria O'Connor Mr Robert Owen Mr Andrew Read Mr Neil Rebeugeot-Smith Mr Ian Tanner Mr Kevin Walsh (Headteacher)
------------------	---

<b>Company Secretary</b>	Mr Peter Wells
--------------------------	----------------

### Senior Leadership Team

Headteacher	Kevin Walsh
Assistant Head	Ray Consterdine Christine Crawley Mark Hope Graham Linge Hermanus Trauernicht
Business Manager	Peter Wells

<b>Registered address</b>	Wych Elm Road Wingletye Lane Hornchurch Essex RM11 3AD
---------------------------	--

<b>Company registration number</b>	07726858 (England and Wales)
------------------------------------	------------------------------

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
----------------	--

## **Reference and administrative information**

### **Bankers**

Natwest Bank Plc  
120 – 122 High Street  
Hornchurch  
RM12 3UL

### **Solicitors**

Bates, Wells and Braithwaite LLP  
2 – 6 Cannon Street  
London  
EC4M 6YH

## **Directors' report Year ended 31 August 2013**

The Directors of Emerson Park Academy ('the Academy') present their statutory report together with the financial statements of the charitable company for the year to 31 August 2013.

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 26 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" ('SORP 2005').

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

Emerson Park Academy 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 act as the trustees for the charitable activities of Emerson Park Academy and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the year except as noted on page 4.

#### **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 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.

#### **Directors' indemnities**

In accordance with normal practice the Academy has purchased insurance to protect the Directors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £25 million (2012 - £25 million) and in the period under review the sum of £3,727 (2012 - £3,878) was paid.

#### **Principal activities**

The Academy Trust's objects are specifically restricted to the following:

- (a) 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 a school offering a broad and balanced curriculum ("the Academy").

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **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 2013 and served throughout the period except where shown.

<b>Director</b>	<b>Appointed/Resigned</b>	
Mr Martin Tilbury (Chair of Directors)		Co-opted Director
Mr John Luff (Vice-chair of Directors)*		Parent Director
Mr Colin Buckmaster	Reappointed 11 December 2012	Parent Director
Mrs Kay Chamberlin		Co-opted Director
Mr Paul Connew*		Co-opted Director
Mrs Melissa Gilmour	Resigned 6 December 2012	Member appointed Director
Mr Michael Gleeson*	Appointed 9 July 2013	Member appointed Director
Mr John Gray		Parent Director
Mrs Della Jones	Appointed 20 June 2012	Staff Director
Mrs Pamela Lee	Appointed 9 July 2013	Member appointed Director
Mrs Victoria O'Connor*		Parent Director
Mr Andrew Read	Appointed 20 June 2012	Parent Director
Mr Neil Rebeugeot-Smith*		Parent Director
Mr James Walding	Resigned 31 August 2013	Staff Director
Mr Kevin Walsh (Headteacher)*		Ex officio Director

\*Member of the Finance and Resources Committee

Subsequent to the year end, Mr Robert Owen was appointed as a Staff Director on 16 October 2013 and Mr Ian Tanner was appointed as a Parent Director on 11 November 2013. In addition, Mr John Luff resigned as a Parent Director on 7 September 2013 and was appointed as a Member appointed Director from 7 September 2013.

### **Method of Recruitment and appointment or election of Directors**

Emerson Park Academy was incorporated as a private limited company on 2 August 2011. The three founding members of the Academy Trust are Mr Martin Tilbury, Mr John Luff and Mr Paul Connew. A Board of up to 15 Directors are responsible for the Governance of the Academy. In accordance with the Memorandum and Articles of Association, Members may appoint up to three Directors. Up to six Parent Directors may be appointed following an election process of parents/guardians of existing students. Nominees for Parent Director must have a student currently on roll at the Academy. There are positions for up to three Co-Opted Directors who may be appointed by the Board themselves. There are two Staff Director Appointments, one teaching and one non-teaching member of staff may be nominated and appointed following an election process of the respective staff members. Mr Walsh as Head Teacher is also an ex-officio member of the Board.

### **Policies and procedures adopted for the induction and training of Directors**

Newly appointed Directors will attend Induction courses run by the Local Authority Governing Body Support Unit. In addition, a Directors Handbook containing recent minutes, Academy Development Plan, latest Headteacher's Report, Committee's list and recommendations of courses to attend is also made available in the Academy.

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Organisational structure**

Emerson Park Academy Trust Members			
Founding Members:	Mr P Connew	Mr J Luff	Mr M Tilbury
Board of Directors			
Parent Elected Directors	Mr Colin Buckmaster Mr John Gray Mrs Victoria O'Connor Mr Andrew Read Mr Neil Rebeugeot Mr Ian Tanner		
Co-Opted Directors	Mrs Kay Chamberlin Mr Paul Connew Mr Martin Tilbury		
Staff Directors	Mrs Della Jones Mr Robert Owen Mr Kevin Walsh	Elected, Non-Teaching Elected, Teaching Head Teacher (ex-officio)	
Member Appointed Directors	Mr Michael Gleeson Mrs Pamela Lee Mr John Luff		
Company Secretary	Mr Peter Wells		
COMMITTEE's			
Finance and Resources Committee	Assets, Acquisitions and Services Committee	Learning and Teaching Committee	Human Resources Committee
Mr P Connew (Chair) Mrs P Lee Mr J Luff Mrs V O'Connor Mr N Rebeugeot Mr M Gleeson Mr K Walsh	Mr C Buckmaster Mrs M Gilmour Mrs V O'Connor Mr A Read Mr M Gleeson Mr N Rebeugeot (Chair) Mr M Tilbury	Mr Colin Buckmaster Mrs K Chamberlin Mr J Gray Mrs D Jones Mrs P Lee Mr J Luff Mrs V O'Connor (Chair) Mr M Tilbury	Mr Colin Buckmaster Mrs K Chamberlin Mr J Gray Mr J Luff Mrs P Lee Mr A Read Mrs V O'Connor (Chair) Mr M Tilbury

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Risk management**

The Board of Directors identify, assess and mitigate risk both for the Academy and as a whole and its operations. A Risk Register is in place which is subject to regular review and made available to all staff. Key members of staff and Directors are involved in the preparation of the Risk Register. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk.

### **Connected Organisations, including related party relationships**

Emerson Park Academy currently works in partnership with:

Abbs Cross School – as a partner school in jointly working to raise standards.

Havering Sports Collective (HSC) – as one of two Sports Specialist Colleges Emerson Park administers and coordinates sports activities, working alongside Coopers' Company & Coborn School, across the borough of Havering for all participating primary and secondary schools.

Emerson Park is a fully active partner within the Havering Educational Partnership (HEP) and the Havering Teacher Training Partnership (HTTP).

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

We aim to support our pupils' educational growth in mind, body and spirit, to build upon their prior learning, develop their potential and prepare them for the future.

We encourage and challenge all of our students to be the best they can be and to make a positive contribution both in school and beyond.

- ◆ We strive to offer the highest standards in teaching and learning, in order to maximise the achievements of all pupils.
- ◆ We aim to make learning interesting and enjoyable. Our curriculum aims to offer a broad balance of essential and wider experiences so that each child can find something they can enjoy and in which they can find success.
- ◆ We seek to develop enquiring minds, an appetite for knowledge and the attitudes, values and educational basis necessary for our young people to grow into useful members of society.

We believe that this is best achieved if those involved are happy and working in a friendly, safe and supportive environment which is ordered, calm and purposeful.



### Objectives, strategies & activities

Staff training is key to moving the academy towards its stated goal of being 'outstanding'. Emerson Park Academy has been awarded the CPD mark (in recognition of excellent Continued Professional Development across all staff & governors).

Emerson Park Academy seeks to enhance learning and accelerate pupil progress by embedding robust targeting and tracking.

The development of innovative strategies and resources (including ICT) is constantly under review.

### Public Benefit

The provision of education at Emerson Park Academy is for public benefit. The Directors have complied with their duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising their power or duties.

## ACHIEVEMENTS AND PERFORMANCE

### Review of activities

Emerson Park Academy is judged to be a 'Good' school – Ofsted November 2011.

Gender	Year	NOC	Percentage of Pupils Achieving								QCA	
			3+ A*-A	5+ A*-C	5+ A*-G	1+ A*-G	Any Qual	5+ A*-C inc GCSE E&M	5+ A*-C inc L2 E&M	5+ A*-G inc L1 E&M	APS	Capped APS
All	2013	189	23.3	95.8	99.5	99.5	99.5	70	70	99.5	542.4	357.7
All	2012	185	30.3	93	99.5	100	100	59.5	59.5	99.5	551	364
All	2011	191	35.1	84.3	97.9	99.5	99.5	72.3	72.3	97.4	511	353
All	2010	190	29.5	80.5	95.3	98.9	98.9	54.7	59.5	94.7	475	336
All	2009	191	24.1	66	95.3	97.9	98.4	46.6	46.6	93.2	415	316
Boys	2013	116	22.4	95.7	99.1	99.1	99.1	63.8	63.8	99.1	538.5	354
Boys	2012	106	29.2	90.6	99.1	100	100	57.5	57.5	99.1	523.1	357.2
Boys	2011	117	34.2	84.6	97.4	100	100	71.8	72.6	96.6	506.3	351.3
Boys	2010	116	32.8	76.7	94.8	99.1	99.1	50.9	57.8	94	457.8	331.2
Boys	2009	100	24	59	93	98	99	40	40	92	390.5	303.5
Girls	2013	73	24.7	95.9	100	100	100	79.5	79.5	100	548.8	363.5
Girls	2012	79	31.6	96.2	100	100	100	62	62	100	587.3	372.9
Girls	2011	74	36.5	83.8	98.6	98.6	98.6	73	73	98.6	518.4	355.6
Girls	2010	74	24.3	86.5	95.9	98.6	98.6	60.8	62.2	95.9	501.7	343.7
Girls	2009	91	24.2	73.6	97.8	97.8	97.8	53.8	53.8	94.5	441.4	329.5
Havering	2013	3036	26	78.2	97.6	99	99	62.9	62.9	N/A	444.9	

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Review of activities (continued)**

Several capital projects have been completed during the year including the replacement of all windows in the main block with double glazed units, a new medical room, a student reception and a reprographics room have been provided in addition to the extensive refurbishment of the staff washrooms, reception lobby and foyer area. Air conditioning has also been installed in all ICT classrooms.

Three teaching classrooms were redecorated and new furniture provided whilst the PE corridor and PE lobby benefitted from redecoration and new flooring. Wireless technology was enhanced throughout the site with the additional provision of new netbooks and chromebooks for the English and Science faculties.

A grant from Sport England has enabled the academy to renovate the cricket square which will be ready for use in spring 2014.

During the year, students attended residential trips to ski at Salt Lake City, Utah, USA; to Lake Garda in Italy for football, rugby and netball; Amsterdam for GCSE Geography and a languages trip to Paris and a mini rugby tour to Leicester. Humanities ran a trip to Ypres to visit the WW1 battlefields and cemeteries, and there were also day trips to the NEC for the CLOTHESHOWS exhibition in connection with GCSE Textiles and a number of Careers related trips for our KS4 student such as the SKILLS exhibition at the EXCEL centre in London. This year we introduced Reward trips for those students working hard and achieving their academic targets through the year. Trips were enjoyed to a variety of venues including IMAX cinema, Harry Potter Studios and Thorpe Park. Other faculties arranged trips to local and West End Theatres and there were a wide variety of Sports Trips.

PE and School Sport continues to grow at Emerson Park and we have had several individual and team successes over the last academic year including the year 7 boys football team making the National Finals of the Danone Cup. Our year 7, 8 and 11 boys are Havering Champions whilst the year 8 team were also finalists in the London & Essex Cup. Our successes continue across the broad range of activities on offer with our year 7 boys becoming Havering Champions in Cricket, year 7 girls Havering Champions in Tennis doubles whilst the year 7, 8 and 10 boys and year 10 girls were all Havering finalists in Tennis. Our U14 Table Tennis team and year 9 girls badminton teams are also Havering Champions. Over the past year there have been other successes for our indoor and outdoor athletics teams in addition to individual successes in Swimming and Cross Country.

Each week hundreds of students attend a variety of challenging and enjoyable clubs on offer at the Academy as we continue to develop the sporting facilities. In addition to the new cricket square, we have secured funding for new Table Tennis tables from the Jack Petchey Foundation, new 9-a-side football goals from the Football Foundation and are grateful to two sponsors for our Junior and Senior Rugby Team kits.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Review of activities** (continued)

We provide enrichment activities that reach out and appeal to our young people at Emerson Park including our Year 7 Teambuilding week at Stubbers Adventure Centre enabling our new students to get to know each other and build friendships that will last throughout their time at the Academy. The Olympic Hero Workshop was also successful at engaging girls in to PE and School Sport.

Our partnership with Coopers' Company & Coborn School in the form of the Havering Sports Collective has enabled us to deliver additional sports activities into 40 Primary and all 18 Secondary schools across Havering. This programme has been recognised both locally and nationally as outstanding in supporting young people in sport. Our facilities are also made available to the local community and in excess of 30 local clubs or groups benefit from them weekly.

Emerson Park Academy is a licensed independent unit of the Duke of Edinburgh's Award Scheme managed by the staff at the Academy. Forty year 10 students undertook the award this year with expeditions to Danbury and Norfolk. It was hoped to introduce the silver award this year however after careful consideration, we feel it is more important to focus on making the bronze award more inclusive and accessible, particularly to vulnerable groups. We hope to expand the bronze to 50 students within 2 years. Students do have the opportunity to continue with their silver award at college or sixth form.

### **Going concern**

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Academy has adequate resources to continue its 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.

## **FINANCIAL REVIEW**

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

The Academy's total incoming resources for the year to 31 August 2013 amounted to £5,904,641 (2012 – 13,897,761 including £8,030,545 received on conversion to academy status), including £5,236,550 related to the EFA revenue grant (2012 – £5,247,414).

The Academy held fund balances of £7,744,201 at 31 August 2013 which includes unrestricted funds of £278,242, none of which is designated.

The results for the period are shown on page 20.

### **Principal risks and uncertainties**

The Academy's principal risks have been identified and there is a risk register in place to mitigate these risks. The risks fall into the following classifications: compliance, financial, operational, and strategic and reputational.

**FINANCIAL REVIEW** (continued)

**Reserves policy**

As part of the transfer to academy status, the Directors are in a position to determine an appropriate level of free reserves (total funds less the amount held in tangible fixed assets, restricted funds and designated funds). The minimum level of free reserves to be held has been set at £180,000. The reason for this is to provide sufficient working capital to provide resources to deal with unexpected emergencies such as urgent maintenance and to cover delays between spending and receipts of grants. The School's free reserves at 31 August 2013 is £278,242 which the directors believe is adequate but not excessive.

The pension reserve, which represents the Academy's share of the Local Government Pension Scheme's (LGPS) assets and liabilities, is in deficit at £575,000 (2012 – £597,000) at 31 August 2013. The deficit is not expected to crystallise in the near future and any cash outflows arising from the deficit will occur over a number of years.

**Investment policy**

The Academy utilises a high interest bearing account for cash balances exceeding £10,000 and holds a fixed term interest bond of £100,000.

**FUTURE ACTIVITIES AND PLANS**

The Board of Directors approve the annual budget which is monitored by the Finance Committee to ensure it supports the requirements specified in the School Development Plan. The Academy will continue to pursue further grant opportunities to develop and improve the facilities provided to students.

**AUDITORS**

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.

Approved by order of the members of the Board of Directors on 10 December 2013 and signed on its behalf by:

Mr Martin Tilbury  
Chair of Directors

Date: 10 December 2013

## **Governance statement 31 August 2013**

### **Scope of responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that the Emerson Park 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 has delegated the day-to-day responsibility to the Headteacher, 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 Headteacher 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 three times during the period. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Number of meetings attended	Out of a possible
Mr C Buckmaster	4	4
Mrs K Chamberlin	3	4
Mr P Connew	2	4
Mr M Gleeson	1	1
Mr J Gray	4	4
Mrs D Jones	2	4
Mrs P Lee	1	1
Mr J Luff	4	4
Mrs V O'Connor	3	4
Mr A Read	2	4
Mr N Rebeugeot-Smith	4	4
Mr M Tilbury	4	4
Mr J Walding	2	4
Mr K Walsh	4	4
Mr P Wells (Company Secretary)	4	4

Subsequent to the year end, Mr Robert Owen was appointed as a Staff Director on 16 October 2013 and Mr Ian Tanner was appointed as a Parent Director on 11 November 2013. In addition, Mr John Luff resigned as a Parent Director on 7 September 2013 and was appointed as a Member appointed Director from 7 September 2013.

The Finance and Resources Committee is a sub-committee of the main Board of Directors.

**Governance (continued)**

Attendance at meetings in the year was as follows:

Director	Number of meetings attended	Out of a possible
Mr P Connew	4	6
Mr M Gleeson	0	0
Mrs P Lee	0	0
Mr J Luff	5	6
Mrs V O'Connor	5	6
Mr N Rebeugeot - Smith	5	6
Mr K Walsh	6	6
Mr P Wells (Company Secretary)	6	6

**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 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 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 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'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 Resources 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;

**The risk and control framework (continued)**

- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Directors have appointed Buzzacott LLP, the external auditor, to perform a range of compliance checks on the Academy's financial systems and procedures. On a termly basis, the external auditor will report to the Directors on the operation of the system of control and on the discharge of the Board of Directors' financial responsibilities. The findings from the last visit resulted in some recommendations being made but none were deemed to be significant.

**Review of effectiveness**

As Accounting Officer, the Headteacher 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 external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership Team within the Academy 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 Finance and Resources 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 and signed on their behalf by:

Mr Martin Tilbury  
Chair of Directors

Mr Kevin Walsh  
Headteacher and Accounting Officer

Approved on: 10 December 2013

**Statement on regularity, propriety and compliance 31 August 2013**

As Accounting Officer of Emerson Park Academy, I have considered my responsibility to notify the Academy's 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.

Mr Kevin Walsh  
Accounting Officer

Date: 10 December 2013



## **Statement of directors' responsibilities 31 August 2013**

The Directors (who act as governors of the Academy) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements 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 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 10 December 2013 and signed on its behalf by:

Mr Martin Tilbury  
Chair of Trustees

Date: 10 December 2013

## **Independent auditor's report on the financial statements 31 August 2013**

### **Independent auditor's report on the financial statements to the Board of Directors of Emerson Park Academy**

We have audited the financial statements of Emerson Park Academy for the year ended 31 August 2013 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 Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

The Directors act as trustees for the charitable activities of Emerson Park Academy and are also the directors of the charity for the purpose of company law.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' 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 charity'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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditor's report on the financial statements 31 August 2013**

### **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 2013 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 Annual Accounts Direction 2012/13 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 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

## **Independent auditor's report on regularity 31 August 2013**

### **Independent reporting auditor's assurance report on regularity to Emerson Park Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 2 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Emerson Park Academy during the year ended 31 August 2013 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 Emerson Park 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 Emerson Park 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 Emerson Park Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Emerson Park Academy's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Emerson Park Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, 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. 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 year ended 31 August 2013 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 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.

## **Independent auditor's report on regularity 31 August 2013**

### **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, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities** Year ended 31 August 2013  
(incorporating the income and expenditure account)

			Restricted Funds			Year to	Period from
		Unrestricted				2 August	2011 to
		general	EFA	Other	Fixed	31 August	31 August
	Notes	fund			assets	2013	2012
		£	£	£	fund	Total	Total
					£	funds	funds
						£	£
<b>Incoming resources</b>							
Incoming resources from generated funds:							
. Voluntary income - transfer from Local Authority on conversion		—	—	—	—	—	8,030,545
. Voluntary income	2	19,635	—	—	—	19,635	13,777
. Activities for generating funds	3	347,694	—	—	—	347,694	435,520
. Investment income	4	8,751	—	—	—	8,751	8,974
Incoming resources from charitable activities:							
. Funding for the Academy's educational operations	5	—	5,236,550	42,011	250,000	5,528,561	5,408,945
<b>Total incoming resources</b>		<b>376,080</b>	<b>5,236,550</b>	<b>42,011</b>	<b>250,000</b>	<b>5,904,641</b>	<b>13,897,761</b>
<b>Resources expended</b>							
Cost of generating funds:							
. Cost of generating voluntary income		82,414	—	—	—	82,414	69,196
Charitable activities							
. Academy's educational operations	7	165,427	5,367,805	42,011	391,792	5,967,035	5,753,555
Governance costs	8	—	32,910	—	—	32,910	34,091
<b>Total resources expended</b>	6	<b>247,841</b>	<b>5,400,715</b>	<b>42,011</b>	<b>391,792</b>	<b>6,082,359</b>	<b>5,856,842</b>
<b>Net incoming (outgoing) resources before transfers</b>							
		128,239	(164,165)	—	(141,792)	(177,718)	8,040,919
Transfers between funds		(426,034)	135,165	—	290,869	—	—
<b>Net income (expenditure) for the period</b>							
		(297,795)	(29,000)	—	149,077	(177,718)	8,040,919
<b>Other recognised gains and losses</b>							
Actuarial gains (losses) on defined benefit pension scheme	24	—	51,000	—	—	51,000	(170,000)
<b>Net movement in funds</b>		<b>(297,795)</b>	<b>22,000</b>	<b>—</b>	<b>149,077</b>	<b>(126,718)</b>	<b>7,870,919</b>
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 September 2012		576,037	(597,000)	—	7,891,882	7,870,919	—
<b>Fund balances carried forward at 31 August 2013</b>	16	<b>278,242</b>	<b>(575,000)</b>	<b>—</b>	<b>8,040,959</b>	<b>7,744,201</b>	<b>7,870,919</b>

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

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

# Balance sheet 31 August 2013

	Notes	2013 £	2013 £	2012 £	2012 £
<b>Fixed assets</b>					
Tangible fixed assets	12		8,040,959		7,891,882
<b>Current assets</b>					
Stock	13	10,888		66,205	
Debtors	14	87,083		132,799	
Cash at bank and in hand		560,950		900,054	
		<u>658,921</u>		<u>1,099,058</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(380,679)</u>		<u>(523,021)</u>	
<b>Net current assets</b>			<u>278,242</u>		<u>576,037</u>
<b>Total assets less current liabilities</b>			<u>8,319,201</u>		<u>8,467,919</u>
<b>Net assets excluding pension scheme liability</b>			<u>8,319,201</u>		<u>8,467,919</u>
Pension scheme liability	24	(575,000)		(597,000)	
<b>Net assets including pension scheme liability</b>			<u>7,744,201</u>		<u>7,870,919</u>
<b>Funds of the Academy</b>					
<b>Restricted funds</b>					
. Fixed assets fund	16		8,040,959		7,891,882
. EFA fund	16		—		—
. Pension reserve			(575,000)		(597,000)
			<u>7,465,959</u>		<u>7,294,882</u>
<b>Unrestricted funds</b>					
. General fund			278,242		576,037
<b>Total funds</b>			<u>7,744,201</u>		<u>7,870,919</u>

The financial statements on pages 20 to 41 were approved by the Directors, and authorised for issue on 10 December 2013 and are signed on their behalf by:

Mr Martin Tilbury  
Chair of Directors  
Emerson Park Academy  
Company Limited by Guarantee  
Registration Number: 07726858 (England and Wales)

# **Cash flow statement** Year ended 31 August 2013

	Notes	2013 £	2012 £
<b>Net cash (outflow) inflow from operating activities</b>	19	<b>(56,986)</b>	591,319
Cash transferred on conversion to an academy trust		—	600,039
Returns on investment and servicing of finance	20	8,751	8,974
Capital expenditure	21	(290,869)	(300,278)
<b>(Decrease) increase in cash in the year</b>		<b>(339,104)</b>	900,054
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Net funds at 1 September 2012		900,054	—
<b>Net funds at 31 August 2013</b>	22	<b>560,950</b>	900,054



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

**Incoming Resources (continued)**

*Gifts in kind*

The value of gifts in kind provided to the Academy are recognised at a valuation attributed by the Directors in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured.

**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 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.

*Charitable activities*

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

*Governance costs*

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing £1,000 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.

## **Principal accounting policies 31 August 2013**

### **Tangible Fixed Assets (continued)**

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 economic life, as follows:

Leasehold buildings	4% per annum
Leasehold additions	4% per annum
Furniture and equipment	33% per annum
Computer equipment	33% per annum
Motor vehicles	20% per annum

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.

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

### **Leased Assets**

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

### **Stock**

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

### **Taxation**

The Academy Trust 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 Trust 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

**Pensions Benefits (continued)**

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 24, 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.

**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 EFA funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Havering.

## Notes to the Financial Statements Year ended 31 August 2013

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Donations	19,635	—	19,635	13,777

### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Hire of facilities	65,221	—	65,221	76,217
Shop income	83,835	—	83,835	82,063
School trip income	112,977	—	112,977	151,311
Graduate training income	52,111	—	52,111	53,880
Music tuition fees	11,232	—	11,232	13,265
Other income	22,318	—	22,318	58,784
	347,694	—	347,694	435,520

### 4 Investment income

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Interest receivable	8,751	—	8,751	8,974

# Notes to the Financial Statements Year ended 31 August 2013

## 5 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
<b>DfE / EFA capital grant</b>				
. School main building grants	—	250,000	250,000	20,116
<b>DfE / EFA revenue grant</b>				
. General Annual Grant (GAG) (note 1)	—	4,727,274	4,727,274	4,768,522
. Start Up grants	—	—	—	25,000
. Other DfE / EFA grants	—	509,276	509,276	453,892
	—	5,236,550	5,236,550	5,247,414
<b>Other government grants</b>				
. London Borough of Havering	—	5,566	5,566	87,347
. Other pupil premium	—	—	—	21,575
. Other grants	—	36,445	36,445	32,493
	—	42,011	42,011	141,415
	—	5,528,561	5,528,561	5,408,945

## 6 Resources expended

	Staff costs £	Non pay expenditure		2013 Total funds £	2012 Total funds £
		Premises £	Other costs £		
<b>Costs of generating funds</b>					
. Costs of generating voluntary income	—	—	82,414	82,414	69,196
<b>Academy's educational operations</b>					
. Direct costs	3,925,609	329,355	606,871	4,861,835	4,498,385
. Allocated support costs	570,171	330,344	204,685	1,105,200	1,255,170
	4,495,780	659,699	811,556	5,967,035	5,753,555
<b>Governance costs including allocated support costs</b>					
	—	—	32,910	32,910	34,091
	4,495,780	659,699	926,880	6,082,359	5,856,842
<b>Incoming resources for the period include:</b>				2013 £	2012 £
Fees payable to auditor					
. Statutory audit				10,850	9,650
. Other services				3,750	1,750

# Notes to the Financial Statements Year ended 31 August 2013

## 7 Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
<b>Direct costs</b>				
Teaching and educational support staff costs	—	3,925,609	3,925,609	3,647,377
Educational supplies	—	305,101	305,101	405,196
Examination fees	—	82,429	82,429	130,205
Staff development	—	26,446	26,446	19,452
Behavioural support	—	27,468	27,468	15,230
Trips and activities	165,427	—	165,427	121,597
Depreciation	—	329,355	329,355	159,328
	<u>165,427</u>	<u>4,696,408</u>	<u>4,861,835</u>	<u>4,498,385</u>
<b>Allocated support costs</b>				
Support staff costs	—	570,171	570,171	494,572
Recruitment and support	—	15,683	15,683	17,386
Catering	—	49,073	49,073	47,464
Administration costs	—	75,065	75,065	71,267
Insurance	—	44,334	44,334	37,014
Transport	—	1,530	1,530	5,132
Rent and rates	—	9,288	9,288	42,847
Cleaning	—	73,954	73,954	66,533
Maintenance of premises and equipment	—	98,821	98,821	314,362
Utilities	—	85,844	85,844	121,409
Depreciation	—	62,437	62,437	19,184
Interest payable (FRS17 charge)	—	19,000	19,000	18,000
	<u>—</u>	<u>1,105,200</u>	<u>1,105,200</u>	<u>1,255,170</u>
	<u>165,427</u>	<u>5,801,608</u>	<u>5,967,035</u>	<u>5,753,555</u>

# Notes to the Financial Statements Year ended 31 August 2013

## 8 Governance costs

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Legal and professional fees	—	12,000	12,000	20,371
Auditor's remuneration:				
. Audit of financial statements				
.. Current year	—	10,850	10,850	9,650
.. Prior year	—	4,550	4,550	—
. Other services				
.. Current year	—	3,750	3,750	1,750
.. Prior year	—	200	200	—
Consultancy	—	1,000	1,000	1,000
Other expenses	—	560	560	1,320
	—	32,910	32,910	34,091

## 9 Staff costs

Staff costs during the year were:

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Wages and salaries	—	3,516,005	3,516,005	3,253,188
Social security costs	—	277,707	277,707	260,600
Pension costs	—	483,328	483,328	437,685
	—	4,277,040	4,277,040	3,951,473
Supply teacher costs	—	218,740	218,740	190,476
	—	4,495,780	4,495,780	4,141,949

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	2013 No	2012 No
Teachers	50	52
Administration and support	42	38
Management	8	8
	100	98



## Notes to the Financial Statements Year ended 31 August 2013

### 9 Staff costs (continued)

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

	2013 No	2012 No
£60,001 - £70,000	—	1
£80,001 - £90,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £12,015 (2012 - £21,300).

### 10 Directors' remuneration and expenses

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 Directors. The value of Directors' remuneration was as follows:

	2013 £	2012 £
Kevin Walsh, Headteacher and trustee	£85,001 - £90,000	£85,001 - £90,000
Della Jones, Staff Director and trustee	£15,001 - £20,000	£15,001 - £20,000
James Walding, Staff Director and trustee	£35,001 - £40,000	£35,001 - £40,000

No expenses were reimbursed during the year ended 31 August 2013 (2012 – none).

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

### 11 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 £25 million (2012 - £25 million) on any one claim and the cost for the year ended 31 August 2013 was £3,727 (2012 - £3,878).

The cost of this insurance is included in the total insurance cost.

## Notes to the Financial Statements Year ended 31 August 2013

### 12 Tangible fixed assets

	Leasehold property £	Leasehold improvements £	Asset under construction £	Motor vehicles £	Furniture, fittings & equipment £	Computer equipment £	Total funds £
<b>Cost/valuation</b>							
At 1 September 2012	7,750,000	28,543	145,592	—	116,057	30,202	8,070,394
Additions	—	480,549	—	23,025	4,087	33,208	540,869
Transfers	—	94,815	(145,592)	—	50,777	—	—
At 31 August 2013	7,750,000	603,907	—	23,025	170,921	63,410	8,611,263
<b>Depreciation</b>							
At 1 September 2012	155,000	—	—	—	13,445	10,067	178,512
Charge in year	310,000	12,141	—	4,605	44,956	20,090	391,792
At 31 August 2013	465,000	12,141	—	4,605	58,401	30,157	570,304
<b>Net book value</b>							
At 31 August 2013	7,285,000	591,766	—	18,420	112,520	33,253	8,040,959
At 1 September 2012	7,595,000	28,543	145,592	—	102,612	20,135	7,891,882

The land on which the Academy is sited is leased from The London Borough of Havering at a peppercorn rent over the term of 125 years from 1 September 2011. A valuation took place on 18 November 2011 by Hilbery Chaplin Chartered Surveyors using the depreciated replacement cost method. The building has been included in the financial statements at this value. The land that the Academy is built on is designated for educational purposes only and therefore has no open market value. It has therefore not been included in the financial statements.

### 13 Stock

	2013 £	2012 £
School uniform	10,888	66,205

### 14 Debtors

	2013 £	2012 £
Other debtors	11,556	—
Prepayments	66,474	79,313
VAT debtor	9,053	53,486
	87,083	132,799

# Notes to the Financial Statements Year ended 31 August 2013

## 15 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	31,256	67,811
PAYE and social security	146,102	141,828
Other creditors	49,475	38,377
Accruals and deferred income	153,846	275,005
	<b>380,679</b>	<b>523,021</b>
<b>Deferred income</b>		
Deferred income at 1 September 2012	34,538	—
Resources deferred in the year	60,630	34,538
Amounts released from previous periods	(34,538)	—
Deferred income at 31 August 2013	<b>60,630</b>	<b>34,538</b>

Deferred income of £60,630 relates to income received in the year for school trips that are taking place in the year ending 31 August 2014.

## 16 Funds

	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
<b>EFA revenue grant fund</b>					
. General Annual Grant (GAG)	—	4,727,274	(4,862,439)	135,165	—
. Start Up Grant	—	122,440	(122,440)	—	—
. Other EFA grants	—	386,836	(386,836)	—	—
	—	5,236,550	(5,371,715)	135,165	—
. Pension reserve	(597,000)	—	(29,000)	51,000	(575,000)
	<b>(597,000)</b>	<b>5,236,550</b>	<b>(5,400,715)</b>	<b>186,165</b>	<b>(575,000)</b>
<b>Fixed assets fund</b>					
. EFA capital grants	18,235	250,000	(11,881)	—	256,354
. Capital expenditure from GAG	278,647	—	(69,911)	290,869	499,605
. Academy building and furniture and equipment transferred from Local Authority	7,595,000	—	(310,000)	—	7,285,000
	<b>7,891,882</b>	<b>250,000</b>	<b>(391,792)</b>	<b>290,869</b>	<b>8,040,959</b>
<b>Other funds</b>					
. London Borough of Havering	—	5,566	(5,566)	—	—
. Other grants	—	36,445	(36,445)	—	—
	—	42,011	(42,011)	—	—
<b>Total restricted funds</b>	<b>7,294,882</b>	<b>5,528,561</b>	<b>(5,834,518)</b>	<b>477,034</b>	<b>7,465,959</b>
<b>Unrestricted funds</b>					
. Unrestricted funds	576,037	376,080	(247,841)	(426,034)	278,242
<b>Total funds</b>	<b>7,870,919</b>	<b>5,904,641</b>	<b>(6,082,359)</b>	<b>51,000</b>	<b>7,744,201</b>

## Notes to the Financial Statements Year ended 31 August 2013

### 16 Funds (continued)

#### *General Annual Grant (GAG)*

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 1 discloses whether the limit was exceeded.

### 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2013 £	Total 2012 £
<b>Fund balances at 31 August 2013 are represented by:</b>					
Tangible fixed assets	—	—	8,040,959	<b>8,040,959</b>	7,891,882
Current assets	658,921	—	—	<b>658,921</b>	1,099,058
Creditors: amounts falling due within one year	(380,679)	—	—	<b>(380,679)</b>	(523,021)
Pension scheme liability	—	(575,000)	—	<b>(575,000)</b>	(597,000)
<b>Total net assets</b>	<b>278,242</b>	<b>(575,000)</b>	<b>8,040,959</b>	<b>7,744,201</b>	<b>7,870,919</b>

### 18 Financial commitments

#### Operating leases

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

	2013 £	2012 £
<b>Other</b>		
Expiring within one year	<b>4,395</b>	—
Expiring within one and two years	—	13,186
Expiring within two and five years	<b>3,777</b>	—
	<b>8,172</b>	<b>13,186</b>

## Notes to the Financial Statements Year ended 31 August 2013

### 19 Reconciliation of net (expenditure) income to net cash (outflow) inflow from operating activities

	2013 £	2012 £
Net (expenditure)/income	(177,718)	8,040,919
Transfer from local authority on conversion	—	(8,030,545)
Depreciation (note 12)	391,792	178,512
Capital grants from DfE and other capital income	(250,000)	(20,116)
Interest receivable (note 4)	(8,751)	(8,974)
FRS 17 pension cost less contributions payable (note 24)	10,000	(27,000)
FRS 17 pension finance cost (note 24)	19,000	18,000
Stock transferred from local authority	—	41,000
Debtors transferred from local authority	—	87,874
Creditors transferred from local authority	—	(12,368)
(Decrease) increase in stock	55,317	(66,205)
(Decrease) increase in debtors	45,716	(132,799)
(Decrease) increase in creditors	(142,342)	523,021
<b>Net cash (outflow) inflow from operating activities</b>	<b>(56,986)</b>	<b>591,319</b>

### 20 Returns on investment and servicing of finance

	2013 £	2012 £
Interest received	8,751	8,974
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>8,751</b>	<b>8,974</b>

### 21 Capital expenditure

	2013 £	2012 £
Purchase of tangible fixed assets	(540,869)	(320,394)
Capital grants from DfE / EFA	250,000	20,116
<b>Net cash outflow from capital expenditure</b>	<b>(290,869)</b>	<b>(300,278)</b>

### 22 Analysis of changes in net funds

	At 1 September 2012 £	Cashflows £	At 31 August 2013 £
Cash in hand and at bank	900,054	(339,104)	560,950

### 23 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.

## **24 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 the London Borough of Havering. 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 financial period.

### **Teachers' Pension Scheme (TPS)**

#### ***Introduction***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### ***The Teachers' Pension Budgeting and Valuation Account***

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**24 Pension and similar obligations (continued)**

**Teachers' Pension Scheme (TPS) (continued)**

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

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

***Teachers' Pension Scheme Changes***

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

## 24 Pension and similar obligations (continued)

### Teachers' Pension Scheme (TPS) (continued)

#### *Teachers' Pension Scheme Changes (continued)*

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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

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 period ended 31 August 2013 was £163,953 (2012 - £178,000), of which employer's contributions totalled £120,817 (2012 - £139,000) and employees' contributions totalled £43,136 (2012 - £39,000).

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.6%	4.0%
Rate of increase for pensions in payment / inflation	2.8%	2.2%
Discount rate for scheme liabilities	4.6%	4.1%
Inflation assumption (CPI)	2.8%	2.2%
Commutation of pensions to lump sums	50%	50%



## 24 Pension and similar obligations (continued)

### Local Government Pension Scheme (LGPS) (continued)

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 2013	At 31 August 2012
<i>Retiring today</i>		
Males	21.9 years	21.9 years
Females	24.6 years	24.6 years
<i>Retiring in 20 years</i>		
Males	23.8 years	23.8 years
Females	26.5 years	26.5 years

The Academy'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 £	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	6.6%	773,000	5.5%	484,000
Bonds	4.0%	222,000	3.4%	201,000
Property	4.7%	53,000	3.7%	45,000
Cash	3.6%	11,000	2.8%	15,000
Total market value of assets		1,059,000		745,000
Present value of scheme liabilities		(1,634,000)		(1,342,000)
Deficit in the scheme		(575,000)		(597,000)

The actual gain on scheme assets was £129,000 (2012 – £58,000).

Amounts recognised in statement of financial activities	2013 £	2012 £
Current service costs (net of employee contributions)	153,000	112,000
Total operating charge	153,000	112,000
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	(40,000)	(36,000)
Interest on pension liabilities	59,000	54,000
<b>Pension finance costs</b>	19,000	18,000

## 24 Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

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 Financial Activities since the adoption of FRS 17 is a loss of £119,000 (2012 – loss of £170,000).

<b>Movements in the overall deficit were as follows:</b>	<b>2013 £</b>	<b>2012 £</b>
At 1 September 2012	(597,000)	(436,000)
Current service cost	(153,000)	(112,000)
Employer contributions	143,000	139,000
Net finance cost	(19,000)	(18,000)
Actuarial gain (loss)	51,000	(170,000)
<b>At 31 August 2013</b>	<b>(575,000)</b>	<b>(597,000)</b>

<b>Reconciliation of defined benefit obligation</b>	<b>2013 £</b>	<b>2012 £</b>
At 1 September 2012	1,342,000	946,000
Current service cost	153,000	112,000
Contributions by members	43,000	39,000
Net finance interest	59,000	54,000
Actuarial losses	37,000	191,000
<b>At 31 August 2013</b>	<b>1,634,000</b>	<b>1,342,000</b>

<b>Reconciliation of fair value of the academy's share of scheme assets were as follows:</b>	<b>2013 £</b>	<b>2012 £</b>
At 1 September 2012	745,000	510,000
Expected return on assets	40,000	36,000
Contributions by members	43,000	39,000
Contributions by employers	143,000	139,000
Actuarial gains	88,000	21,000
<b>At 31 August 2013</b>	<b>1,059,000</b>	<b>745,000</b>

The estimated value of the employer contributions for the year ending 31 August 2014 is £143,000 (2013 – £128,000).

**24 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

The experience adjustments are as follows:

	2013 £	2012 £
<b>Present value of defined benefit obligations</b>	<b>(1,634,000)</b>	<b>(1,342,000)</b>
<b>Fair value of share scheme assets</b>	<b>1,059,000</b>	<b>745,000</b>
<b>Deficit on the scheme</b>	<b>(575,000)</b>	<b>(597,000)</b>
 <b>Experience adjustments on share of scheme assets</b>		
Amount	88,000	21,000
 <b>Experience adjustments on scheme liabilities</b>		
Amount	—	—

**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, it is inevitable that transactions will take place with organisations in which a member of the Board of Directors 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.