

**Emerson Park
Academy**

**Annual Report and Financial
Statements**

Year ended 31 August 2014

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

Contents

Reports

Reference and administrative information	1
Directors' report	3
Governance statement	13
Statement on regularity, propriety and compliance	16
Statement of directors' responsibilities	17
Independent auditor's report on financial statements	18
Independent reporting accountant's report on regularity	20

Financial statements

Statement of financial activities	22
Balance sheet	23
Cash flow statement	24
Principal accounting policies	25
Notes to the financial statements	29

Reference and administrative information

Members	Mr Paul Connew Mr John Luff Mr Martin Tilbury
Directors	Mr Martin Tilbury (Chair of Directors) Mr John Luff (Vice Chair of Directors) Mr Paul Connew Mr Mark Cornish Mr Michael Gleeson Mrs Della Jones Mrs Pamela Lee Mrs Victoria O'Connor Mr Robert Owen Mr Andrew Read Mr Ian Tanner Mr Kevin Walsh (Headteacher)
Company Secretary	Mr Peter Wells
Senior Leadership Team	
Headteacher	Kevin Walsh
Deputy Head	Kylie Blaize Ray Consterdine
Assistant Head	Christine Crawley Mark Hope Graham Linge Hermanus Trauernicht
Business Manager	Peter Wells
Registered address	Wych Elm Road Wingletye Lane Hornchurch Essex RM11 3AD
Company registration number	07726858 (England and Wales)
Auditor	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 2014

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 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 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 (2013 - £25 million) and in the period under review the sum of £636 (2013 - £3,727) was paid.

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 2014 and served throughout the period except where shown.

Director	Appointed/Resigned	
Mr Martin Tilbury (Chair of Directors)		Co-opted Director
Mr John Luff (Vice-chair of Directors)*		Member appointed Director
Mr Colin Buckmaster	Resigned 31 July 2014	Parent Director
Mrs Kay Chamberlin		Co-opted Director
Mr Paul Connew*		Co-opted Director
Mr Michael Gleeson*		Member appointed Director
Mr John Gray		Parent Director
Mrs Della Jones		Staff Director
Mrs Pamela Lee*		Member appointed Director
Mrs Victoria O'Connor*		Parent Director
Mr Robert Owen	Appointed 16 October 2013	Staff Director
Mr Andrew Read		Parent Director
Mr Neil Rebeugeot-Smith*		Parent Director
Mr Ian Tanner	Appointed 13 November 2013	Parent Director
Mr Kevin Walsh (Headteacher)*		Ex officio Director

*Member of the Finance and Resources Committee

Subsequent to the year end, the term of office for Mr John Gray ended on 4 October 2014, the term of office for Mr Neil Rebeugeot-Smith ended on 11 October 2014 and the term of office for Mrs Kay Chamberlin ended on 10 November 2014. Mr Mark Cornish was appointed as a Director on 9 December 2014.

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 as at 31 August 2014

<u>Emerson Park Academy Trust Members</u>			
Founding Members:	Mr P Connew	Mr J Luff	Mr M Tilbury
Board of Directors			
Parent Elected Directors	Mr John Gray Mrs Victoria O'Connor Mr Andrew Read Mr Neil Rebeugeot-Smith 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) Mr M Gleeson Mrs P Lee Mr J Luff Mrs V O'Connor Mr N Rebeugeot-Smith Mr I Tanner Mr K Walsh	Mr M Gleeson Mr J Gray Mrs V O'Connor Mr A Read Mr N Rebeugeot- Smith (Chair) Mr I Tanner Mr M Tilbury	Mrs K Chamberlin Mr M Gleeson Mr J Gray Mrs D Jones Mrs P Lee Mr J Luff Mrs V O'Connor (Chair) Mr A Read Mr I Tanner Mr M Tilbury	Mrs K Chamberlin Mr M Gleeson Mr J Gray Mr J Luff Mrs P Lee (Chair) Mr A Read Mrs V O'Connor Mr I Tanner Mr M Tilbury

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected Organisations, including related party relationships

Emerson Park Academy currently works in partnership with:

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 Alliance (HEA) and the Havering Teacher Training Partnership (HTTP).

OBJECTIVES AND ACTIVITIES

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").

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 AND ACTIVITIES (continued)

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.

STRATEGIC REPORT

Achievements and performance

Review of activities

Emerson Park Academy is judged to be a 'Good' school – Ofsted Nov. 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	Ebacc	5+ A*-G inc L1 E&M	APS	Capped APS
All	2014	193	18.1	69.4	97.4	98.4	98.4	55.2	55.2	8.3	98.4	337	313.6
All	2013	189	23.3	95.8	99.5	99.5	99.5	70	70	18	99.5	542	357.7
All	2012	185	30.3	93	99.5	100	100	59.5	59.5	3.8	99.5	551	364
All	2011	191	35.1	84.3	97.9	99.5	99.5	72.3	72.3	5.8	97.4	511	353
All	2010	190	29.5	80.5	95.3	98.9	98.9	54.7	59.5	11.1	94.7	475	336
Boys	2014	118	16.9	68.6	97.5	98.3	98.3	53.4	53.4	6.8	98.3	337	313
Boys	2013	116	22.4	95.7	99.1	99.1	99.1	63.8	63.8	12.9	99.1	539	354
Boys	2012	106	29.2	90.6	99.1	100	100	57.5	57.5	3.8	99.1	523	357.2
Boys	2011	117	34.2	84.6	97.4	100	100	71.8	72.6	5.1	96.6	506	351.3
Boys	2010	116	32.8	76.7	94.8	99.1	99.1	50.9	57.8	10.3	94	458	331.2
Girls	2014	75	20	70.7	97.3	98.7	98.7	57.3	57.3	10.7	97.3	337	314.7
Girls	2013	73	24.7	95.9	100	100	100	79.5	79.5	26	100	549	363.5
Girls	2012	79	31.6	96.2	100	100	100	62	62	3.8	100	587	372.9
Girls	2011	74	36.5	83.8	98.6	98.6	98.6	73	73	6.8	98.6	518	355.6
Girls	2010	74	24.3	86.5	95.9	98.6	98.6	60.8	62.2	12.2	95.9	502	343.7
P.Prem.	2014	18	0	38.9	83.3	94.4	94.4	16.7	16.7	5.6	83.3	256	241.9
Havering	2014							59.4		22.4			

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Several capital projects have been completed during the year including a replacement Intruder Alarm System and refurbishment of 4 classrooms including new furniture. The external entrance doors to the Technology block were replaced with secure double glazed doors.

A further 3 sets of Chromebooks were purchased to enhance the Maths, Humanities and Modern Language faculties.

Additional outdoor seating, 3 shelters and chilled water coolers were installed as additional facilities for students.

The Academy has invested in a cashless system for catering and school trips utilising ParentPay. IT Infrastructure and equipment were installed during the summer vacation period with the system going 'live' for the students return in September.

The Parents & Teachers Association have raised funds to contribute towards additional floodlights for the Rugby training area which has not only benefitted students during curriculum time, but also enabled the Academy to generate additional income from local clubs too.

The Academy has offered a wide variety of trips and visits this year, ranging from afternoon visits to other educational establishments to international residential trips of an adventurous nature. In total we organised more than 50 trips covering all age groups and the majority of faculties. The Arts and English Faculties figured quite heavily with a large number of theatre trips, PE also contributed with trips to watch Premiership matches, as well as practical activities. Larger trips such as the Year 7 Stubbers Adventure and Team Building went ahead again and there were international residential trips to Normandy (MFL), Paris (MFL and PE) and the annual ski trip, which this year visited Jay Peak in Vermont USA.

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 Rugby Union team who won 12 of their 15 games, winners of the Havering League Cup, runners-up in the RFU Emerging Schools' Finals and runners-up at the March Havering Schools Rugby Finals. The Year 10 and Year 11 teams were also successful, both finishing runners-up at the local RFU Emerging Schools' Finals and also winning the Havering Schools' Rugby Finals. The Year 9 Football Team had a great season, winning the Havering Cup Final becoming champions for the third successive year. The team were semi-finalists in the Essex Cup and finished runners-up in the London Cup. The Year 7 Basketball team remain undefeated in their Havering Cup 'B' league whilst the Year 8 girls Netball team were runners-up in the Havering League Cup. The U14 Boys Hockey team finished runners-up in the Essex Cup whilst in Badminton, the Year 10 girls and Year 11 boys were each runners-up in the Havering Doubles Finals.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Celebrating individual successes in Cross Country were Ben Lammin (Year 7) and Fraser Scott (Year 11) who both finished 8th out of 150 and Yusuf Bizimana (Year 8) who finished 3rd out of 150 in their respective age categories. Rowing saw Rajan Sandhu finish 1st and Baily Finlayson finish 3rd in Havering (Year 7's) and Richard Klimanskis (Year 8) came 1st in his age category.

The Havering Indoor Athletics competition for Year 7 and 8 boys and girls saw the Year 7 girls and boys teams and Year 8 girls team become runners-up. The Junior boys and girls entered the National Track and Field Cup this year for the first time, progressing onto the Regional Finals to finish in the top 20 in East Anglia – a tremendous achievement.

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.

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.

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. During the year, 28 students achieved their bronze award. A further 30 students enrolled in the scheme this year completing expeditions to Danbury and Norfolk.

Key performance indicators

The following key performance indicators are considered by the Directors:

- ◆ Student gender analysis
- ◆ Payroll ratio
- ◆ Pupil attendance
- ◆ English Baccalaureate
- ◆ GCSE A*/A grades

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Key performance indicators (continued)

- ◆ GCSE A* - C including English and Maths
- ◆ 3 levels of progress in English
- ◆ 3 levels of progress in Maths

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 2014 amounted to £5,810,395 (2013 – £5,904,641), including £5,320,586 related to the EFA revenue grant (2013 – £5,236,550).

The Academy held fund balances of £7,330,644 at 31 August 2014 which includes unrestricted funds of £424,795, none of which is designated.

The results for the period are shown on page 22.

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 2014 is £424,795 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 £866,000 (2013 – £575,000) at 31 August 2014. 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.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

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.

The principal risks the Academy faces are:

- ♦ **Funding** - reduced funding from the DfE for both general expenditure and capital maintenance continues to place pressure on our ability to balance our annual budget with no ability to invest in the buildings and infrastructure to support the requirements of the changing curriculum. We have become increasingly reliant on generating additional income from alternative sources. With the continuing reduction in funding, we have made a conscious decision to increase our reserves.
- ♦ **Payroll costs** – salary increases and increases to employer NI and Pension contributions are a cause for concern with almost 90% of our annual funding from the DfE being consumed on staffing costs.
- ♦ **General expenses** – whilst strict controls have been established to minimise controllable expenditure, inflation in addition to significant increase in utility costs are reducing funds available to deliver curriculum (especially against a reduction in funding).
- ♦ **Health & Safety** – the health, safety and security of our students, staff and visitors is of paramount importance and financial constraints are preventing us from improving the environment to address some issues which have been identified.

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.

STRATEGIC REPORT (continued)

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.

Trustees' report, including a strategic report, approved by order of the members of the Board of Directors on 9 December 2014 and signed on its behalf by:



Mr Martin Tilbury
Chair of Directors

Date: 9 December 2014

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	1	3
Mrs K Chamberlin	1	3
Mr P Connew	3	3
Mr M Gleeson	3	3
Mr J Gray	1	3
Mrs D Jones	2	3
Mrs P Lee	2	3
Mr J Luff	3	3
Mrs V O'Connor	2	3
Mr R Owen	3	3
Mr A Read	1	3
Mr N Rebeugeot-Smith	2	3
Mr I Tanner	2	3
Mr M Tilbury	3	3
Mr K Walsh	3	3
Mr P Wells (Company Secretary)	3	3

A review of Governance is undertaken annually and in September 2014 this included a skills and training review. A number of Directors' terms of office will come to an end during Autumn 2014 term and a full review of the structure of the Governing Body is underway.

Governance (continued)

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

Attendance at meetings in the year was as follows:

Director	Number of meetings attended	Out of a possible
Mr P Connew	4	4
Mr M Gleeson	4	4
Mrs P Lee	2	4
Mr J Luff	2	4
Mrs V O'Connor	3	4
Mr N Rebeugeot - Smith	3	4
Mr I Tanner	2	2
Mr K Walsh	3	4
Mr P Wells (Company Secretary)	4	4

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;

The risk and control framework (continued)

- ♦ 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;
- ♦ 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.

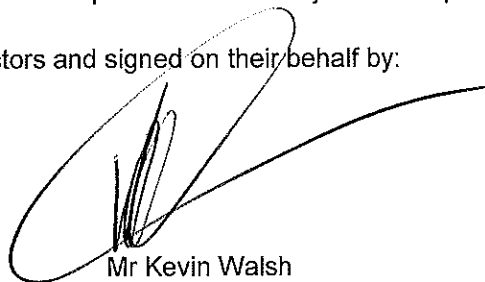
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

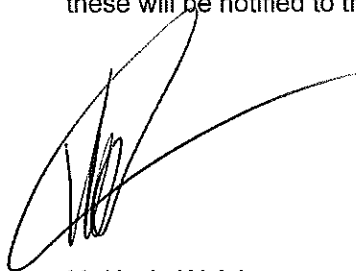
Approved on: 9 December 2014

Statement on regularity, propriety and compliance 31 August 2014

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. If any instances are identified after the date of this statement, these will be notified to the board of directors and EFA.

A handwritten signature in black ink, appearing to be 'Mr Kevin Walsh', written over a horizontal line.

Mr Kevin Walsh
Accounting Officer

Date: 9 December 2014

Statement of directors' responsibilities 31 August 2014

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 Direction published 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 [] and signed on its behalf by:

Mr Martin Tilbury
Chair of Trustees



Date: 9 December 2014

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 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 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, 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.

Independent auditor's report on the financial statements 31 August 2014

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.

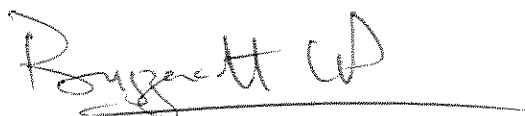
Opinion on other matter prescribed by the Companies Act 2006

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

16 December 2014

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

In accordance with the terms of our engagement letter dated 30 July 2012 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 Emerson Park Academy during the year ended 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 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 accountant

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 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 year ended 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.

Independent reporting accountant's report on regularity 31 August 2014

Approach (continued)

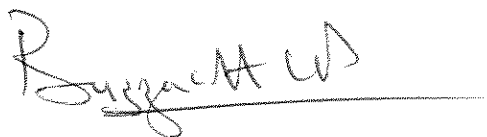
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

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 2014 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

16 December 2014

Statement of financial activities Year ended 31 August 2014
(incorporating the income and expenditure account)

			Restricted Funds				
	Notes	Unrestricted general fund £	EFA £	Other £	Fixed assets fund £	2014 Total funds £	2013 Total funds £
Incoming resources							
Incoming resources from generated funds:							
. Voluntary income	2	28,323	—	—	—	28,323	19,635
. Activities for generating funds	3	291,556	—	—	—	291,556	347,694
. Investment income	4	4,766	—	—	—	4,766	8,751
Incoming resources from charitable activities:							
. Funding for the Academy's educational operations	5	—	5,320,586	125,129	40,035	5,485,750	5,528,561
Total incoming resources		324,645	5,320,586	125,129	40,035	5,810,395	5,904,641
Resources expended							
Cost of generating funds:							
. Cost of generating voluntary income		30,208	—	—	—	30,208	82,414
Charitable activities							
. Academy's educational operations	7	146,279	5,214,995	122,155	433,141	5,916,570	5,967,035
Governance costs	8	—	25,174	—	—	25,174	32,910
Total resources expended	6	176,487	5,240,169	122,155	433,141	5,971,952	6,082,359
Net incoming (outgoing) resources before transfers		148,158	80,417	2,974	(393,106)	(161,557)	(177,718)
Transfers between funds		(1,605)	(119,417)	—	121,022	—	—
Net income (expenditure) for the year		146,553	(39,000)	2,974	(272,084)	(161,557)	(177,718)
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension scheme	24	—	(252,000)	—	—	(252,000)	51,000
Net movement in funds		146,553	(291,000)	2,974	(272,084)	(413,557)	(126,718)
Reconciliation of funds							
Fund balances brought forward at 1 September 2013		278,242	(575,000)	—	8,040,959	7,744,201	7,870,919
Fund balances carried forward at 31 August 2014		424,795	(866,800)	2,974	7,768,875	7,330,644	7,744,201

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 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	12		7,768,875		8,040,959
Current assets					
Stock	13	—		10,888	
Debtors	14	86,720		87,083	
Cash at bank and in hand		663,109		560,950	
		<u>749,829</u>		<u>658,921</u>	
Creditors: amounts falling due within one year	15	<u>(322,060)</u>		<u>(380,679)</u>	
Net current assets			<u>427,769</u>		<u>278,242</u>
Total assets less current liabilities			<u>8,196,644</u>		<u>8,319,201</u>
Net assets excluding pension scheme liability					
Pension scheme liability	24		(866,000)		(575,000)
Net assets including pension scheme liability			<u>7,330,644</u>		<u>7,744,201</u>
Funds of the Academy					
Restricted funds					
. Fixed assets fund	16		7,768,875		8,040,959
. EFA fund	16		—		—
. Pension reserve	16		(866,000)		(575,000)
. Other restricted funds	16		2,974		—
			<u>6,905,849</u>		<u>7,465,959</u>
Unrestricted funds					
. General fund			424,795		278,242
Total funds			<u>7,330,644</u>		<u>7,744,201</u>

The financial statements on pages 22 to 42 were approved by the Directors, and authorised for issue on 9 December 2014 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 2014

	Notes	2014 £	2013 £
Net cash inflow (outflow) from operating activities	19	218,415	(56,986)
Returns on investment and servicing of finance	20	4,766	8,751
Capital expenditure	21	(121,022)	(290,869)
Increase (decrease) in cash in the year		102,159	(339,104)
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2013		560,950	900,054
Net funds at 31 August 2014	22	663,109	560,950

Principal accounting policies 31 August 2014

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 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 2014

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 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.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2014 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 2014.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Donations	28,323	—	28,323	19,635

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Hire of facilities	63,517	—	63,517	65,221
Shop income	10,408	—	10,408	83,835
School trip income	123,614	—	123,614	112,977
Graduate training income	16,257	—	16,257	52,111
Music tuition fees	8,575	—	8,575	11,232
Other income	69,185	—	69,185	22,318
	291,556	—	291,556	347,694

4 Investment income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Interest receivable	4,766	—	4,766	8,751

5 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
DfE / EFA capital grant				
. School main building grants	—	40,035	40,035	250,000
DfE / EFA revenue grant				
. General Annual Grant (GAG) (note 1)	—	4,843,088	4,843,088	4,775,514
. Other DfE / EFA grants	—	477,498	477,498	461,036
	—	5,320,586	5,320,586	5,236,550
Other government grants				
. London Borough of Havering	—	98,359	98,359	5,566
. Other grants	—	26,770	26,770	36,445
	—	125,129	125,129	42,011
	—	5,485,750	5,485,750	5,528,561

6 Resources expended

	Staff costs £	Non pay expenditure		2014 Total funds £	2013 Total funds £
		Premises £	Other costs £		
Costs of generating funds					
. Costs of generating voluntary income	—	—	30,208	30,208	82,414
Academy's educational operations					
. Direct costs	3,878,295	342,650	594,604	4,815,549	4,861,835
. Allocated support costs	526,003	366,704	208,314	1,101,021	1,105,200
	4,404,298	709,354	802,918	5,916,570	5,967,035
Governance costs including allocated support costs					
	—	—	25,174	25,174	32,910
	4,404,298	709,354	858,300	5,971,952	6,082,359
Incoming resources for the period include:				2014 £	2013 £
Fees payable to auditor					
. Statutory audit					
.. Current year				11,125	10,850
.. Prior year				725	4,550
. Other services				3,850	3,750

7 Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Direct costs				
Teaching and educational support staff costs	—	3,878,295	3,878,295	3,925,609
Educational supplies	—	314,781	314,781	305,101
Examination fees	—	68,847	68,847	82,429
Staff development	—	27,287	27,287	26,446
Behavioural support	—	37,410	37,410	27,468
Trips and activities	146,279	—	146,279	165,427
Depreciation	—	342,650	342,650	329,355
	<u>146,279</u>	<u>4,669,270</u>	<u>4,815,549</u>	<u>4,861,835</u>
Allocated support costs				
Support staff costs	—	526,003	526,003	570,171
Recruitment and support	—	5,712	5,712	15,683
Catering	—	41,976	41,976	49,073
Administration costs	—	103,983	103,983	75,065
Insurance	—	43,099	43,099	44,334
Transport	—	2,544	2,544	1,530
Rent and rates	—	27,526	27,526	9,288
Cleaning	—	83,253	83,253	73,954
Maintenance of premises and equipment	—	82,809	82,809	98,821
Utilities	—	82,625	82,625	85,844
Depreciation	—	90,491	90,491	62,437
Interest payable (FRS17 charge)	—	11,000	11,000	19,000
	<u>—</u>	<u>1,101,021</u>	<u>1,101,021</u>	<u>1,105,200</u>
	<u>146,279</u>	<u>5,770,291</u>	<u>5,916,570</u>	<u>5,967,035</u>

8 Governance costs

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Legal and professional fees	—	9,474	9,474	12,000
Auditor's remuneration:				
. Audit of financial statements				
.. Current year	—	11,125	11,125	10,850
.. Prior year	—	725	725	4,550
. Other services				
.. Current year	—	3,850	3,850	3,750
.. Prior year	—	—	—	200
Consultancy	—	—	—	1,000
Other expenses	—	—	—	560
	—	25,174	25,174	32,910

9 Staff

(a) Staff costs

Staff costs during the year were:

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Wages and salaries	—	3,393,610	3,393,610	3,516,005
Social security costs	—	275,480	275,480	277,707
Pension costs	—	514,864	514,864	483,328
	—	4,183,954	4,183,954	4,277,040
Supply teacher costs	—	220,344	220,344	218,740
	—	4,404,298	4,404,298	4,495,780

(b) Staff numbers

The average numbers of persons employed by the Academy during the year expressed as a full time equivalents was as follows:

Charitable activities	2014 No	2013 No
Teachers	53	50
Administration and support	41	42
Management	7	8
	101	100

9 Staff (continued)

(c) Higher paid staff

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

	2014 No	2013 No
£60,001 - £70,000	2	—
£80,001 - £90,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £30,768 (2013 - £12,015).

10 Related party transactions – 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:

	2014 £	2013 £
Kevin Walsh, Headteacher and trustee	85,001 - 90,000	85,001 - 90,000
Della Jones, Staff Director and trustee	20,001 - 25,000	15,001 - 20,000
James Walding, Staff Director and trustee	n/a	35,001 - 40,000
Robert Owen, Staff Director and trustee	35,001 - 40,000	n/a

Other related party transactions involving the Directors 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 (2013 - £25 million) on any one claim and the cost for the year ended 31 August 2014 was £636 (2013 - £3,727).

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

12 Tangible fixed assets

	Leasehold property £	Leasehold improve- ments £	Motor vehicles £	Furniture, fittings & equipment £	Computer equipment £	Total funds £
Cost/valuation						
At 1 September 2013	7,750,000	603,907	23,025	170,921	63,410	8,611,263
Additions	—	53,042	—	42,460	65,555	161,057
At 31 August 2014	7,750,000	656,949	23,025	213,381	128,965	8,772,320
Depreciation						
At 1 September 2013	465,000	12,141	4,605	58,401	30,157	570,304
Charge in year	310,000	25,436	4,605	56,644	36,456	433,141
At 31 August 2014	775,000	37,577	9,210	115,045	66,613	1,003,445
Net book value						
At 31 August 2014	6,975,000	619,372	13,815	98,336	62,352	7,768,875
At 1 September 2013	7,285,000	591,766	18,420	112,520	33,253	8,040,959

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

	2014 £	2013 £
School uniform	—	10,888

14 Debtors

	2014 £	2013 £
Other debtors	3,394	11,556
Prepayments	72,475	66,474
VAT debtor	10,851	9,053
	86,720	87,083

Notes to the Financial Statements Year ended 31 August 2014

15 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	9,043	31,256
PAYE and social security	154,584	146,102
Other creditors	—	49,475
Accruals and deferred income	158,433	153,846
	322,060	380,679
Deferred income		
Deferred income at 1 September 2013	60,630	34,538
Resources deferred in the year	81,262	60,630
Amounts released from previous periods	(60,630)	(34,538)
Deferred income at 31 August 2014	81,262	60,630

Deferred income of £81,262 relates to income received in the year for school trips that are taking place in the year ending 31 August 2015.

16 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
EFA revenue grant fund					
. General Annual Grant (GAG)	—	4,843,088	(4,723,671)	(119,417)	—
. Other EFA grants	—	477,498	(477,498)	—	—
	—	5,320,586	(5,201,169)	(119,417)	—
. Pension reserve	(575,000)	—	(39,000)	(252,000)	(866,000)
	(575,000)	5,320,586	(5,240,169)	(371,417)	(866,000)
Fixed assets fund					
. EFA capital grants	256,354	40,035	(16,839)	—	279,550
. Capital expenditure from GAG	499,605	—	(106,302)	121,022	514,325
. Academy building and furniture and equipment transferred from Local Authority	7,285,000	—	(310,000)	—	6,975,000
	8,040,959	40,035	(433,141)	121,022	7,768,875
Other funds					
. London Borough of Havering	—	98,359	(98,359)	—	—
. Other grants	—	26,770	(23,796)	—	2,974
	—	125,129	(122,155)	—	2,974
Total restricted funds	7,465,959	5,485,750	(5,795,465)	(250,395)	6,905,849
Unrestricted funds					
. Unrestricted funds	278,242	324,645	(176,487)	(1,605)	424,795
Total funds	7,744,201	5,810,395	(5,971,952)	(252,000)	7,330,644

Notes to the Financial Statements Year ended 31 August 2014

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 2014. 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 2014 £	Total 2013 £
Fund balances at 31 August 2014 are represented by:					
Tangible fixed assets	—	—	7,768,875	7,768,875	8,040,959
Current assets	746,855	2,974	—	749,829	658,921
Creditors: amounts falling due within one year	(322,060)	—	—	(332,060)	(380,679)
Pension scheme liability	—	(866,000)	—	(866,000)	(575,000)
Total net assets	424,795	(863,026)	7,768,875	7,330,644	7,744,201

18 Financial commitments

Operating leases

At 31 August 2014, the Academy had annual commitments for assets other than land and buildings under non-cancellable operating leases as follows:

	2014 £	2013 £
Other		
Expiring within one year	—	4,395
Expiring within two and five years	3,777	3,777
	3,777	8,172

Notes to the Financial Statements Year ended 31 August 2014

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

	2014 £	2013 £
Net expenditure	(161,557)	(177,718)
Depreciation (note 12)	433,141	391,792
Capital grants from DfE and other capital income	(40,035)	(250,000)
Interest receivable (note 4)	(4,766)	(8,751)
FRS 17 pension cost less contributions payable (note 24)	28,000	10,000
FRS 17 pension finance cost (note 24)	11,000	19,000
Decrease in stock	10,888	55,317
Decrease in debtors	363	45,716
Decrease in creditors	(58,619)	(142,342)
Net cash inflow (outflow) from operating activities	218,415	(56,986)

20 Returns on investment and servicing of finance

	2014 £	2013 £
Interest received	4,766	8,751
Net cash inflow from returns on investment and servicing of finance	4,766	8,751

21 Capital expenditure

	2014 £	2013 £
Purchase of tangible fixed assets	(161,057)	(540,869)
Capital grants from DfE / EFA	40,035	250,000
Net cash outflow from capital expenditure	(121,022)	(290,869)

22 Analysis of changes in net funds

	At 1 September 2013 £	Cashflows £	At 31 August 2014 £
Cash in hand and at bank	560,950	102,159	633,109

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 2013.

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) 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.

24 Pension and similar obligations (continued)

Teachers' Pension Scheme (TPS) (continued)

Valuation of the Teachers' Pension Scheme (continued)

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>).

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.

24 Pension and similar obligations (continued)

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 2014 was £215,000 (2013 - £186,000), of which employer's contributions totalled £166,000 (2013 - £143,000) and employees' contributions totalled £49,000 (2013 - £43,000).

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	3.4%	4.6%
Rate of increase for pensions in payment / inflation	2.6%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Inflation assumption (CPI)	2.6%	2.8%
Commutation of pensions to lump sums	50%	50%

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	22.1 years	21.9 years
Females	24.1 years	24.6 years
<i>Retiring in 20 years</i>		
Males	24.2 years	23.8 years
Females	26.7 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 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.5%	798,000	6.6%	773,000
Bonds	3.3%	306,000	4.0%	222,000
Property	4.5%	61,000	4.7%	53,000
Cash	3.3%	61,000	3.6%	11,000
Total market value of assets		1,226,000		1,059,000
Present value of scheme liabilities		(2,092,000)		(1,634,000)
Deficit in the scheme		(866,000)		(575,000)

24 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual gain on scheme assets was £121,000 (2013 – £129,000).

Amounts recognised in statement of financial activities	2014 £	2013 £
Current service costs (net of employee contributions)	190,000	153,000
Total operating charge	190,000	153,000

Analysis of pension finance costs

Expected return on pension scheme assets	(80,000)	(40,000)
Interest on pension liabilities	69,000	59,000
Pension finance costs	11,000	19,000

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 £371,000 (2013 – loss of £119,000).

Movements in the overall deficit were as follows:	2014 £	2013 £
At 1 September 2013	(575,000)	(597,000)
Current service cost	(190,000)	(153,000)
Employer contributions	166,000	143,000
Losses on curtailments	(4,000)	—
Net finance cost	(11,000)	(19,000)
Actuarial (loss) gain	(252,000)	51,000
At 31 August 2014	(866,000)	(575,000)

Reconciliation of defined benefit obligation	2014 £	2013 £
At 1 September 2013	1,634,000	1,342,000
Current service cost	190,000	153,000
Contributions by members	49,000	43,000
Net finance interest	80,000	59,000
Actuarial losses	145,000	37,000
Benefits paid	(10,000)	—
Losses on contributions	4,000	—
At 31 August 2014	2,092,000	1,634,000

24 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Reconciliation of fair value of the academy's share of scheme assets were as follows:	2014 £	2013 £
At 1 September 2013	1,059,000	745,000
Expected return on assets	69,000	40,000
Contributions by members	49,000	43,000
Contributions by employers	166,000	143,000
Actuarial (losses) gains	(107,000)	88,000
Benefits paid	(10,000)	—
At 31 August 2014	1,226,000	1,059,000

The estimated value of the employer contributions for the year ending 31 August 2015 is £189,000 (2014 – £143,000).

The experience adjustments are as follows:

	2014 £	2013 £	2012 £
Present value of defined benefit obligations	(2,092,000)	(1,634,000)	(1,342,000)
Fair value of share scheme assets	1,226,000	1,059,000	745,000
Deficit on the scheme	(866,000)	(575,000)	597,000
Experience adjustments on share of scheme assets			
Amount	(107,000)	88,000	21,000
Experience adjustments on scheme liabilities			
Amount	(1,000)	—	—

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.