

The Emmanuel Schools Foundation

Annual Report and Financial Statements

31 August 2012

**Registered number
4464331**

**The Emmanuel Schools Foundation
Annual Report and Financial Statements
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**The Emmanuel Schools Foundation
Company Information**

Directors

Kathryn August (resigned May 2012)
Geoffrey Davies (appointed May 2012)
Edward Gould
Nigel Robson

Secretary

Patricia Rowland

Auditors

Kinnair and Company
Aston House
Redburn Road
Newcastle Upon Tyne
NE5 1NB

Bankers

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE99 1JA

Solicitors

Eversheds LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

Registered office

Venture House
Aykley Heads Business Centre
Aykley Heads
Durham
DH1 5TS

Registered number

4464331

The Emmanuel Schools Foundation
Registered number: 4464331
Directors' Report

The directors present their annual report and financial statements for the year ended 31 August 2012.

Principal activities

The company's principal activity is the operation of a group of schools comprising three academies (The King's Academy, Trinity Academy and Bede Academy) and a city technology college (Emmanuel College) which provide education for pupils of different abilities between the ages of 3 and 18.

Review of the business

In January 2012 it was announced that the Emmanuel Schools Foundation and United Learning Trust would separate. Discussions have taken place during 2012 with a view to establishing a new Board and revised governance structure. This will then be implemented during the forthcoming year 2012 – 2013. The intention is to maintain the ethos and character of the ESF schools within the North East of England.

Trinity Academy, Thorne, has built upon the award of an "Outstanding" from Ofsted following their inspection in 2011. In the summer, two students gained entry to Cambridge University, the first Oxbridge entrants from the academy. Overall 71.6% of sixth form students achieved A - C grades at A level, a further improvement of 3%, and 98% achieved A - E grades. This year 78 out of 91 students applied for and received offers from universities. This compared to just 11 who applied in the year before the academy opened. At GCSE level the academy suffered from the revised grade boundaries in English, with the figure of A* - C CHIME falling by one percentage point to 57%. The overall results showed that 95% of students achieved five or more A* - C passes, and an Ebacc score of 18%, above the national average.

The King's Academy, Middlesbrough, continues to be extremely popular with significant over subscription for student places. It is also a centre in the area for students with visual, hearing and physical impairment, and a very significant proportion of the total cohort have learning difficulties. Notwithstanding this background, results improve at all levels. At A level 99% achieved A* - E grades, 80% (up from 75%) A* - C grades, and 52% A* - B grades, representing the Academy's best ever figures. At GCSE the revised grade boundaries in English impacted upon the A* - C CHIME figures at 48%, masking a significant improvement in maths results. Best ever figures were achieved at 5+ A* - C and 8+ A* - C figures. During the course of the year the Board examined alternative proposals to improve Sixth Form provision, and agreed to the building of an extension due for completion in October 2012.

Emmanuel College, Gateshead, continued to achieve outstanding results, maintaining its position as the leading maintained school in the North, and one of the best in the country. Apart from 99% of students attaining 5+ A* - C at GCSE, the A* - C CHIME figure was a remarkable 87.3%, and the Ebacc score an impressive 56.9%. At A level the 100% pass rate was maintained, with 11.5% of students achieving A*, and 88% at C grade or better. Four students gained admission to Cambridge or Oxford, and many others going on to the top universities in the country.

Bede Academy, Blyth, enjoyed a successful year culminating in a full section 5 ofsted inspection during the summer. The outcome was that "Bede is a good academy which is quickly improving". The inspectors paid tribute to the work and results achieved over the first three years, from a challenging position of low starting points when students joined the academy. The first set of GCSE results confirmed the outstanding progress that has been made with 57% A* - C CHIME, and an Ebacc score of 30%, the second highest in Northumberland.

The Emmanuel Schools Foundation

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Directors' Report

Review of the business (continued)

During the year support services provided by the Durham office have seen changes, adapting to the new shape of the foundation going forward and reflecting the realities of the economic situation. It will continue to provide accessible dedicated expertise to the highest standards to each of the schools. It will also take the opportunity to reflect upon the nature and delivery of those services to meet the new demands of schools, teaching staff and students, not least in the field of technology.

Future developments

The foundation intends to build upon these achievements over the coming year, and will continue to improve educational standards, increase aspiration and develop the life opportunities of students. This will have to be done against an ever challenging financial climate, with significant reductions forecast in income. Erosion of budgets, through cuts, often strike at the areas of provision to the most needy and disadvantaged. The foundation, true to its ethos, will endeavour to maintain its standards and services to the best of its ability. The foundation has been approached by other schools, with a view to joining. These opportunities will be explored, and then progressed if they are judged to be an opportunity to strengthen and grow the foundation.

Directors

The following persons served as directors during the year:

- Kathryn August (resigned May 2012)
- Geoffrey Davies (appointed May 2012)
- Edward Gould
- Nigel Robson

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

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

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

The Emmanuel Schools Foundation
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Directors' Report

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 13 December 2012 and signed on its behalf.



Nigel Robson
Director

**The Emmanuel Schools Foundation
Independent auditors' report
to the members of The Emmanuel Schools Foundation**

We have audited the accounts of The Emmanuel Schools Foundation for the year ended 31 August 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

The independent auditors' report continues on the following page

**The Emmanuel Schools Foundation
Independent auditors' report
to the members of The Emmanuel Schools Foundation (continued)**

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 accounts 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.



**Mai Mak
(Senior Statutory Auditor)**

for and on behalf of
Kinnair and Company
Accountants and Statutory Auditors

Aston House
Redburn Road
Newcastle Upon Tyne
NE5 1NB

14th December 2012

**The Emmanuel Schools Foundation
Profit and Loss Account
for the year ended 31 August 2012**

	Notes	2012 £	2011 £
Turnover	2	1,137,369	1,787,018
Direct costs		(1,129,106)	(1,757,542)
Gross profit		<u>8,263</u>	<u>29,476</u>
Administrative expenses		-	(80,953)
Other operating income		3,845	17,440
Operating profit/(loss)	3	<u>12,108</u>	<u>(34,037)</u>
Interest receivable		3,412	2,140
Profit/(loss) on ordinary activities before taxation		<u>15,520</u>	<u>(31,897)</u>
Tax on profit/(loss) on ordinary activities		-	-
Profit/(loss) for the financial year		<u>15,520</u>	<u>(31,897)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

**The Emmanuel Schools Foundation
Balance Sheet
as at 31 August 2012**

	Notes	2012 £	2011 £
Current assets			
Debtors	6	18,720	68,297
Cash at bank and in hand		<u>389,375</u>	<u>337,990</u>
		408,095	406,287
Creditors: amounts falling due within one year			
	7	(19,951)	(33,663)
Net current assets		<u>388,144</u>	<u>372,624</u>
Net assets		<u>388,144</u>	<u>372,624</u>
Capital and reserves			
Profit and loss account	8	388,144	372,624
Members' funds	9	<u>388,144</u>	<u>372,624</u>

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Nigel Robson
Director

Approved by the board on 13 December 2012

**The Emmanuel Schools Foundation
Cash Flow Statement
for the year ended 31 August 2012**

	Notes	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	10	47,973	(66,106)
Returns on investments and servicing of finance	11	3,412	2,140
Increase/(decrease) in cash		<u>51,385</u>	<u>(63,966)</u>
 Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		51,385	(63,966)
Change in net debt	12	<u>51,385</u>	<u>(63,966)</u>
Net funds at 1 September		337,990	401,956
Net funds at 31 August		<u>389,375</u>	<u>337,990</u>

**The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2012**

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirements to prepare group accounts.

Turnover

Turnover represents the value, net of value added tax and discounts, of educational support services provided.

Taxation

The company meets the definition of a charitable company for UK corporation tax purposes. Accordingly, it 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

The company does not directly employ any staff and therefore does not operate a pension scheme. However, the staff costs charged to the company by its subsidiaries include an element of pension cost. Such costs are charged to the profit and loss account as they become payable.

2 Analysis of turnover

	2012	2011
	£	£
By activity:		
Educational support	<u>1,137,369</u>	<u>1,787,018</u>
By geographical market:		
United Kingdom	<u>1,137,369</u>	<u>1,787,018</u>

3 Operating profit

	2012	2011
	£	£
This is stated after charging:		
Operating lease rentals - land buildings	67,441	77,125
Auditors' remuneration for audit services	-	4,075
Auditors' remuneration for other services	<u>-</u>	<u>2,425</u>

**The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2012**

4 Staff costs	2012	2011
	£	£

The company does not directly pay any staff. The staff costs shown below are the amounts charged to the company by its subsidiaries.

Wages and salaries	<u>842,323</u>	<u>1,429,720</u>
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Average number of employees during the year	Number	Number
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Administration	<u>17</u>	<u>22</u>
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5 Investments

The company holds 20% or more of the following companies:

Company	Holding %	Capital and reserves £	Profit (loss) for the year £
Emmanuel College	100	8,811,535	(1,557)
The King's Academy	100	17,500,238	(607,519)
Trinity Academy	100	20,471,329	(255,393)
Bede Academy	100	33,757,234	(614,895)
Bede Academy (Project Management) Ltd †	100	(18)	(958)

All except Bede Academy (Project Management) Ltd are companies limited by guarantee and do not have share capital.

† Relates to one £1 ordinary share held indirectly through Bede Academy.

6 Debtors	2012	2011
	£	£

Amounts owed by group undertakings and undertakings in which the company has a participating interest	6,977	56,984
Other debtors	1,454	-
Prepayments and accrued income	<u>10,289</u>	<u>11,313</u>
	<u>18,720</u>	<u>68,297</u>

**The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2012**

7 Creditors: amounts falling due within one year	2012	2011
	£	£
Trade creditors	8,804	23,742
Accruals and deferred income	11,147	9,921
	<u>19,951</u>	<u>33,663</u>
8 Profit and loss account	2012	
	£	
At 1 September 2011	372,624	
Profit for the financial year	15,520	
	<u>388,144</u>	
At 31 August 2012		
9 Reconciliation of movement in members' funds	2012	2011
	£	£
At 1 September	372,624	404,521
Profit/(loss) for the financial year	15,520	(31,897)
	<u>388,144</u>	<u>372,624</u>
At 31 August		
10 Reconciliation of operating surplus/(deficit) to	2012	2011
	£	£
Operating profit/(loss)	12,108	(34,037)
Decrease/(increase) in debtors	49,577	(59,060)
(Decrease)/increase in creditors	(13,712)	26,991
	<u>47,973</u>	<u>(66,106)</u>
Net cash inflow/(outflow) from operating activities		
11 Gross cash flows	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	<u>3,412</u>	<u>2,140</u>

**The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2012**

12 Analysis of changes in net debt

	At 1 Sep 2011 £	Cash flows £	Non-cash changes £	At 31 Aug 2012 £
Cash at bank and in hand	337,990	51,385	-	389,375
Total	<u>337,990</u>	<u>51,385</u>	<u>-</u>	<u>389,375</u>

13 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2012 £	Land and buildings 2011 £	Other 2012 £	Other 2011 £
Operating leases which expire: in over five years	<u>67,222</u>	<u>80,666</u>	<u>-</u>	<u>-</u>

14 Company limited by guarantee

As a company limited by guarantee, the company does not have share capital. Every member of the 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.

15 Related party transactions

Wholly owned subsidiaries

The company is exempt under Financial Reporting Standard 8 'Related Party Transactions' from disclosing related party transactions with entities that are wholly owned subsidiaries of the Emmanuel Schools Foundation group.

	2012 £	2011 £
United Learning Trust		
The immediate parent of the company.		
Sales to the related party during the year	11,643	8,831
Amount due from (to) the related party at the end of the year	6,695	5,665

16 Ultimate controlling party

The company's immediate parent is United Learning Trust, a company registered in England. The largest group of undertakings for which group accounts are prepared is that headed by United Church Schools Foundation Limited.

**The Emmanuel Schools Foundation
Detailed profit and loss account
for the year ended 31 August 2012**

	2012	2011
	£	£
Income		
Educational management services	1,103,632	1,757,542
Other fees	33,737	29,476
	<u>1,137,369</u>	<u>1,787,018</u>
Direct costs		
Recharged costs:		
• Staff costs	842,323	1,424,313
• Premises costs	85,217	73,348
• IT, technology & administration costs	201,566	259,881
	<u>1,129,106</u>	<u>1,757,542</u>
Gross profit	<u>8,263</u>	<u>29,476</u>
Administrative expenses		
Staff costs	-	5,407
Recruitment	-	2,400
Rent	-	20,245
Audit fees	-	4,443
Sundries & subscriptions	-	4
Travel expenses	-	22,008
Events	-	26,000
Bank charges	-	388
Administrative expenses	-	58
Other legal & professional	-	-
	<u>-</u>	<u>80,953</u>
Other operating income		
Other income	3,845	17,440
Operating profit/(loss)	<u>12,108</u>	<u>(34,037)</u>
Interest receivable	3,412	2,140
Profit/(loss) before tax	<u>15,520</u>	<u>(31,897)</u>