

The Emmanuel Schools Foundation

Annual Report and Financial Statements

31 August 2013

Registered number
4464331

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

Directors

Geoffrey Davies
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

Trinity House
Bede Academy
Sixth Avenue
Blyth
NE24 2SY

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 2013.

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 continued during 2012 and 2013 with a view to transferring the sponsorship to a newly established board of the Emmanuel Schools Foundation and implementing a revised governance structure. The discussions also encompass reviewing historic financial issues and the existing funding agreements. This will be completed during the forthcoming year 2013 – 2014. The intention is to maintain and develop the ethos and character of the ESF schools within the North East of England.

Trinity Academy, Thorne, has continued to improve educational attainment and achievement. In the summer of 2013, at KS5 the proportion of grades A* - C was 61% and 73 students secured a place at university. The proportion of grades A* - E at A-Level was 98.3%. Trinity Academy continues to have a positive impact in the community when we remember just 11 pupils applied in the year before it opened. At GCSE the figure of A* - C CHIME improved to 58.2%, against the background nationally of a reduction. There was significant improvement in English with 79% of pupils achieving grade C or higher, well above national average. The English Baccalaureate measure was 21.2%, again well above the national average, and providing further evidence of the emphasis upon academic rigour and achievement. Further development work has taken place to measure progress across all learner groups. Changes have been made at the senior leadership level in order to drive improvement over the next two years. The academy is exploring plans to improve its 6th Form offering and accommodation by building an extension. If approved these works will be carried out in 2013/14, with a view to opening in September 2014.

The King's Academy, Middlesbrough, continued the academy's record of improvement in attainment with 89% of students achieving 5 or more A*-C grades at GCSE and, when English and Mathematics are included, the figure is 59%. The English Baccalaureate figure was 23%. The A Level pass rate was again 100%, with 12% of entries achieving A*, 60% achieving A*-B and 88% of entries graded at C grade or better. Many students went on to the top universities in the country. During the course of the year the works for the improvement to the Sixth Form provision was completed on time and within budget.

The second year of GCSE results for Bede Academy, Blyth were again encouraging, with 75% of students achieving 5 or more A*-C grades at GCSE and, when English and Mathematics are included, the figure was 48%. The English Baccalaureate figure was 32% which is a powerful statement of the academic rigour. The first cohort of students in the 6th Form sat AS Level, with a pass rate of 88%, with 19% A grades, and 61% C grades or better. This was very encouraging and reflects the commitment of a young staff team who have already established the academy as an educational force in Northumberland. The leadership has been reviewed following the departure of two members of the senior leadership team to take up posts as head teachers. The primary school is also performing.

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Directors' Report

Review of the business (continued)

Emmanuel College, Gateshead, continued the college's history of high attainment with a record 99.5% of students achieving 5 or more A*-C grades at GCSE and, when English and Mathematics are included, the figure is 90.9%. The English Baccalaureate figure was a new record at 62.9%. The A Level pass rate was again 100%, with new record highs achieved in all reported statistics, including 16% achieving A*, and 67% at B grade or better. A record 8 students gained admission to Cambridge or Oxford, and many others went on to the top universities in the country. The admissions criteria for Emmanuel College stipulate that a full spectrum of ability of students must be met, from the most able to those who face real challenges. The record outcomes for this year reinforce the relentless commitment to the highest academic standards for students of all abilities. The all round subject performance in terms of levels of progress are probably the best in the north. This year the college has also continued its programme of ensuring all students commit to service to others as part of their overall development. The College will be looking to develop its relationships with primaries, and to provide support to secondary schools. In the summer term the College was inspected by Ofsted, and assessed as Outstanding. The inspectorate encouraged the College to share its best practice as widely as possible. The College has applied for Teaching School status.

During the year support services moved premises from Aykley Heads, Durham, to Trinity House, Bede Academy. The registered office changed address to Trinity House in April 2013. It will continue to provide accessible dedicated expertise to the highest standards to each of the schools. It will also continue to review 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. The team has also been refreshed with key new appointments in HR and IT/eLearning. A full review of the support service functions and management within the foundation's schools will be carried out early in the academic year 2013 - 14.

Review of principal risks and uncertainties

The Foundation faces a variety of risks and uncertainties, both foreseeable and unforeseeable, which, if they materialise, could adversely affect its reputation, profitability or financial position. Risks management is embedded in the day to day processes of the Foundation. Principal risk areas for the Foundation are the protection of pupils, employees and of assets and systems, and procedures to minimise these are constantly being reviewed and updated.

The Foundation schools have Safeguarding and Child protection policies in place which focus on the need to ensure that its pupils are safe, feel safe and are fully supported in this respect by their school. These policies provide a framework for its schools to develop secure processes for identifying and supporting pupils at risk of abuse. The implementation and effectiveness of these policies and procedures, which adhere to DfE guidelines on safeguarding and child protection are regularly monitored and reviewed.

A large proportion of the Foundation schools costs relate to staff costs which are relatively fixed each year. There is a risk that a significant drop in grant income may lead to an inability to cover such costs at one or more school.

Senior management and the Directors aim to keep abreast of proposed changes to funding streams and these are taken into account when preparing medium and long term forecasts for each school.

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Directors' Report

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 continue to be done against an ever challenging financial climate, with further 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 the foundation, its schools and education in the north of England.

Directors

The following persons served as directors during the year:

- Geoffrey Davies
- 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.

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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 20.12.13..... 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 2013 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 2013 and of its loss 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

20 December 2013

**The Emmanuel Schools Foundation
Profit and Loss Account
for the year ended 31 August 2013**

	Notes	2013 £	2012 £
Turnover	2	865,151	1,137,369
Direct costs		(807,501)	(1,129,106)
Gross profit		<u>57,650</u>	<u>8,263</u>
Administrative expenses		(6,695)	-
Exceptional items:			
- Operating lease early termination charges		(206,435)	-
Other operating income		-	3,845
Operating (loss)/profit	3	<u>(155,480)</u>	<u>12,108</u>
Interest receivable		2,107	3,412
(Loss)/profit on ordinary activities before taxation		<u>(153,373)</u>	<u>15,520</u>
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit for the financial year		<u>(153,373)</u>	<u>15,520</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 (loss)/profit for the above two financial years.

**The Emmanuel Schools Foundation
Balance Sheet
as at 31 August 2013**

	Notes	2013 £	2012 £
Current assets			
Debtors	6	6,202	18,720
Cash at bank and in hand		<u>242,656</u>	<u>389,375</u>
		248,858	408,095
Creditors: amounts falling due within one year			
	7	(14,087)	(19,951)
Net current assets		<u>234,771</u>	<u>388,144</u>
Net assets		<u>234,771</u>	<u>388,144</u>
Capital and reserves			
Profit and loss account	8	234,771	388,144
Members' funds	9	<u>234,771</u>	<u>388,144</u>



.....
Nigel Robson
Director

Approved by the board on 20.12.13.....

**The Emmanuel Schools Foundation
Cash Flow Statement
for the year ended 31 August 2013**

	Notes	2013 £	2012 £
Net cash (outflow)/inflow from operating activities	10	(148,826)	47,973
Returns on investments and servicing of finance	11	2,107	3,412
(Decrease)/increase in cash		<u>(146,719)</u>	<u>51,385</u>
 Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(146,719)	51,385
Change in net debt	12	<u>(146,719)</u>	<u>51,385</u>
Net funds at 1 September		389,375	337,990
Net funds at 31 August		<u>242,656</u>	<u>389,375</u>

**The Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2013**

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, therefore the accounts present information about the individual undertaking only.

Turnover

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

Investments

Investments in subsidiaries are stated at cost less any provisions for impairment.

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.

Leases

Rentals paid under operating leases are expensed on a straight line basis over the lease term.

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

	2013 £	2012 £
By activity:		
Educational support	<u>865,151</u>	<u>1,137,369</u>
By market:		
United Kingdom	<u>865,151</u>	<u>1,137,369</u>

3 Operating profit

	2013 £	2012 £
This is stated after charging:		
Operating lease rentals - land & buildings	56,018	67,441
Auditors' remuneration for audit services	<u>4,025</u>	<u>-</u>

**The Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2013**

4 Staff costs	2013	2012
	£	£

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>617,896</u>	<u>842,323</u>
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Average number of employees during the year	Number	Number
Administration	<u>14</u>	<u>22</u>

5 Investments

The company holds investments in the following:

Company	Holding %	Capital and reserves £	Profit (loss) for the year £
Emmanuel College	100	8,788,145	(23,390)
The King's Academy	100	17,422,807	(77,431)
Trinity Academy	100	20,393,504	(77,825)
Bede Academy	100	32,204,351	(1,552,883)
Bede Academy (Project Management) Ltd †	100	11	29

All except Bede Academy (Project Management) Ltd are companies limited by guarantee and do not have share capital. The balance sheet value of investments is therefore £nil (2012 - £nil).

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

6 Debtors	2013	2012
	£	£

Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	6,977
Other debtors	1,582	1,454
Prepayments and accrued income	<u>4,620</u>	<u>10,289</u>
	<u>6,202</u>	<u>18,720</u>

**The Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2013**

7 Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	4,010	8,804
Accruals and deferred income	10,077	11,147
	<u>14,087</u>	<u>19,951</u>
8 Profit and loss account	2013	
	£	
At 1 September 2012	388,144	
Loss for the financial year	(153,373)	
	<u>234,771</u>	
At 31 August 2013		
9 Reconciliation of movement in members' funds	2013	2012
	£	£
At 1 September	388,144	372,624
(Loss)/profit for the financial year	(153,373)	15,520
	<u>234,771</u>	<u>388,144</u>
At 31 August		
10 Reconciliation of operating surplus/(deficit) to net cash (outflow)/inflow from operating activities	2013	2012
	£	£
Operating (loss)/profit	(155,480)	12,108
Exceptional items	206,435	-
Decrease in debtors	12,518	49,577
Decrease in creditors	(5,864)	(13,712)
	<u>57,609</u>	<u>47,973</u>
Cash flows generated from normal operations		
Cash flows relating to exceptional items	(206,435)	-
	<u>(148,826)</u>	<u>47,973</u>
Net cash (outflow)/inflow from operating activities		
11 Gross cash flows	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received	<u>2,107</u>	<u>3,412</u>

**The Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2013**

12 Analysis of changes in net debt

	At 1 Sep 2012 £	Cash flows £	Non-cash changes £	At 31 Aug 2013 £
Cash at bank and in hand	389,375	(146,719)	-	242,656
Total	<u>389,375</u>	<u>(146,719)</u>	<u>-</u>	<u>242,656</u>

13 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.

14 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 company is exempt from the requirement to disclose transactions with other members of the group headed by that company.