

The Emmanuel Schools Foundation

Annual Report and Financial Statements

31 August 2011

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
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 2011.

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 technical college (Emmanuel College) which provide education for pupils of different abilities between the ages of 3 and 18.

Review of the business

In October 2010 control of The Emmanuel Schools Foundation was transferred to the United Learning Trust. For many years, it had been the declared desire of the Sponsor, Sir Peter Vardy and The Vardy Foundation, to see the group of schools increase to a size where 10,000 young people in the North East of England were educated in schools operated by The Emmanuel Schools Foundation (ESF). It proved increasingly difficult to see this goal fulfilled under the existing leadership. Many opportunities were explored, proposals made to Local Authorities and Central Government, and expressions of interest drafted but to no avail. It became abundantly clear that the ambition could only be fulfilled by another group, which specialises in education.

After much heart searching and deliberation it was decided to pass control to a specialist education charity which has been running private, fee-paying schools for more than 125 years and which has already established 17 city academies since 2001.

Undertakings were given by the United Learning Trust (ULT) to maintain the ethos and character of the ESF schools and to vigorously pursue a policy of expansion in the North East of England to ensure the original vision of Sir Peter Vardy and his family is fulfilled in the near future.

ULT became the sole member of the registered Charity, ULT directors were appointed to the Board and the Vardy family members retired with effect 28 October 2010.

The highlight of the financial year was the award of an "Outstanding" by Ofsted for Trinity Academy following an inspection in Summer 2011. Trinity Academy, Doncaster continues to enjoy an outstanding reputation not only in Doncaster but throughout the North of England. The Academy's sixth form has exceeded all expectations with 40% of students achieving A*-B, 68% achieving A-C grades and 99% of students achieving A-E. GCSE results showed 97% of students achieving five or more A*-C passes.

Emmanuel College continues to enjoy unprecedented popularity and continued the College's record high attainment with 99% of GCSE students achieving five or more A*-C passes as well as a 100% pass rate at A Level with 54% of students achieving Grade A or B. With four consecutive Outstanding Ofsted reports Emmanuel College continues to be one of the foremost comprehensive schools in the country.

The King's Academy, Middlesbrough is extremely popular with significant oversubscription for student places. At the end of its eighth year the Academy has continued to develop with 81% of GCSE students achieving five or more A*-C passes as well as a 100% pass rate at A Level A-E grades with 73% of students achieving A-C grades. The King's Academy provides a centre for students with visual, hearing and physical impairment and a very significant proportion of the total cohort have learning difficulties.

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Directors' Report

Review of the business (continued)

Bede Academy in its second year was handed their third site, the former Delaval Middle School. The former school building has been demolished and the site given over to additional playing fields for the academy. The academy is entering its second year of GCSE courses and the school is looking forward to producing an impressive set of GCSE results in the summer of 2012.

During the year Support Services, provided by the Durham office, continue to pursue excellence in the areas of Human Resources, Finance, IT and Facilities enabling the individual Colleges and Academies to access expertise they would not otherwise be able to obtain.

Future developments

The outstanding results of our four schools provide ample evidence of the Foundation's ability to improve educational standards, increase aspiration and develop the life opportunities of students. The Foundation will continue to support and develop the four schools in a difficult financial climate. This will include in particular promoting the Sixth Form in each of the schools by, for example, a Sixth Form Centre at Bede Academy and significantly improved facilities at The King's Academy.

Directors

The following persons served as directors during the year:

Kathryn August (appointed 6 October 2010)
Norman Drummond (resigned 28 October 2010)
Edward Gould (appointed 6 October 2010)
Sir Ewan Harper (appointed 6 October 2010, resigned August 2011)
Canon Dr Ann Holt OBE (resigned 28 October 2010)
Robert Parsons (resigned 28 October 2010)
Nigel Robson
David Vardy (resigned 28 October 2010)
Sir Peter Vardy (resigned 28 October 2010)
Richard Vardy (resigned 28 October 2010)
Revd Dr David Wilkinson (resigned 28 October 2010)

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 Emmanuel Schools Foundation
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Directors' Report

Directors' responsibilities (continued)

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.

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 16 December 2011 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 2011 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 2011 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

20th December 2011

The Emmanuel Schools Foundation
Profit and Loss Account
for the year ended 31 August 2011

	Notes	2011 £	2010 £
Turnover	2	1,787,018	1,309,833
Direct costs		(1,757,542)	(1,309,833)
Gross profit		<u>29,476</u>	<u>-</u>
Administrative expenses		(80,953)	(5,719)
Other operating income		17,440	4,228
Operating loss	3	<u>(34,037)</u>	<u>(1,491)</u>
Interest receivable		2,140	3,207
(Loss)/profit on ordinary activities before taxation		<u>(31,897)</u>	<u>1,716</u>
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit for the financial year		<u>(31,897)</u>	<u>1,716</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 2011**

	Notes	2011 £	2010 £
Current assets			
Debtors	6	68,297	9,237
Cash at bank and in hand		<u>337,990</u>	<u>401,956</u>
		406,287	411,193
Creditors: amounts falling due within one year			
	7	(33,663)	(6,672)
Net current assets		<u>372,624</u>	<u>404,521</u>
Net assets		<u>372,624</u>	<u>404,521</u>
Capital and reserves			
Profit and loss account	8	372,624	404,521
Members' funds	9	<u>372,624</u>	<u>404,521</u>

.....
Nigel Robson
Director

Approved by the board on 16 December 2011

**The Emmanuel Schools Foundation
Cash Flow Statement
for the year ended 31 August 2011**

	Notes	2011 £	2010 £
Net cash outflow from operating activities	10	(66,106)	(2,954)
Returns on investments and servicing of finance	11	2,140	3,207
(Decrease)/increase in cash		<u>(63,966)</u>	<u>253</u>
 Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(63,966)	253
Change in net debt	12	<u>(63,966)</u>	<u>253</u>
Net funds at 1 September		401,956	401,703
Net funds at 31 August		<u>337,990</u>	<u>401,956</u>

**The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2011**

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

	2011 £	2010 £
By activity:		
Educational support	<u>1,787,018</u>	<u>1,309,833</u>
By geographical market:		
United Kingdom	<u>1,787,018</u>	<u>1,309,833</u>

3 Operating profit

	2011 £	2010 £
This is stated after charging:		
Operating lease rentals - land buildings	77,125	74,608
Auditors' remuneration for audit services	4,075	4,376
Auditors' remuneration for other services	<u>2,425</u>	<u>-</u>

The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2011

4 Staff costs

2011 **2010**
£ **£**

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

Wages and salaries	1,049,530	747,570
Social security costs	108,210	74,757
Other pension costs	154,614	112,135
	<u>1,312,354</u>	<u>934,462</u>

Average number of employees during the year

Number **Number**

Administration	<u>22</u>	<u>19</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	8,813,092	(377,917)
The King's Academy	100	18,844,757	(321,923)
Trinity Academy	100	21,063,722	(522,268)
Bede Academy	100	34,602,129	(775,792)
Bede Academy (Project Management) Ltd †	100	940	(17)

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

2011 **2010**
£ **£**

Trade debtors	-	8
Amounts owed by group undertakings and undertakings in which the company has a participating interest	56,984	-
Prepayments and accrued income	11,313	9,229
	<u>68,297</u>	<u>9,237</u>

The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2011

7 Creditors: amounts falling due within one year	2011	2010
	£	£
Trade creditors	23,742	2,292
Accruals and deferred income	9,921	4,380
	<u>33,663</u>	<u>6,672</u>
8 Profit and loss account	2011	
	£	
At 1 September 2010	404,521	
Loss for the financial year	(31,897)	
	<u>372,624</u>	
At 31 August 2011		
9 Reconciliation of movement in members' funds	2011	2010
	£	£
At 1 September	404,521	402,805
(Loss)/profit for the financial year	(31,897)	1,716
	<u>372,624</u>	<u>404,521</u>
At 31 August		
10 Reconciliation of operating surplus/(deficit) to	2011	2010
	£	£
Operating loss	(34,037)	(1,491)
Increase in debtors	(59,060)	(1,537)
Increase in creditors	26,991	74
	<u>(66,106)</u>	<u>(2,954)</u>
Net cash outflow from operating activities		
11 Gross cash flows	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	<u>2,140</u>	<u>3,207</u>

**The Emmanuel Schools Foundation
Notes to the Accounts
for the year ended 31 August 2011**

12 Analysis of changes in net debt

	At 1 Sep 2010 £	Cash flows £	Non-cash changes £	At 31 Aug 2011 £
Cash at bank and in hand	401,956	(63,966)	-	337,990
Total	<u>401,956</u>	<u>(63,966)</u>	<u>-</u>	<u>337,990</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 2011 £	Land and buildings 2010 £	Other 2011 £	Other 2010 £
Operating leases which expire: in over five years	<u>80,666</u>	<u>74,608</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

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.

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 2011

	2011 £	2010 £
Turnover	1,787,018	1,309,833
Direct costs	(1,757,542)	(1,309,833)
Gross profit	<u>29,476</u>	<u>-</u>
Administrative expenses	(80,953)	(5,719)
Other operating income	17,440	4,228
Operating loss	<u>(34,037)</u>	<u>(1,491)</u>
Interest receivable	2,140	3,207
(Loss)/profit before tax	<u>(31,897)</u>	<u>1,716</u>

**The Emmanuel Schools Foundation
Detailed profit and loss account
for the year ended 31 August 2011**

	2011 £	2010 £
Income		
Educational management services	1,757,542	1,309,833
Other fees	29,476	-
	<u>1,787,018</u>	<u>1,309,833</u>
Direct costs		
Recharged costs:		
Staff costs	1,424,313	1,021,805
Premises costs	73,348	87,461
IT, technology costs and admin costs	259,881	200,567
	<u>1,757,542</u>	<u>1,309,833</u>
	<u>1,757,542</u>	<u>1,309,833</u>
Administrative expenses		
Staff costs	5,407	-
Recruitment	2,400	-
Rent	20,245	-
Audit fees	4,443	4,376
Sundries & subscriptions	4	-
Travel expenses	22,008	-
Events	26,000	-
Bank charges	388	465
Administrative expenses	58	878
	<u>80,953</u>	<u>5,719</u>