

**Company Registration Number:
07559170 (England and Wales)**

Education for the 21st Century
(The Ravensbourne School)
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2013

EDUCATION FOR THE 21ST CENTURY

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EDUCATION FOR THE 21ST CENTURY

Reference and Administrative Details

Directors/Trustees	P Murphy C Whiting N Vincent D Freeborn C Darlington	
Advisory Board	N Vincent C Darlington P Murphy G Houlden A Lange D Langford A Wilkinson M Saunders L Patterson R Dutton J Morgan E O'Shea D Freeborn J Asher-Smith T Futcher-Smith	(Chair) (Vice Chair) (Head Teacher) (Resigned 19/11/12) (Resigned 17/06/13)
Senior Leadership Team	P Turner A Dempsey R Judah R Price E Codling I Smyrk M O'Shaugnessy	(Deputy Head Teacher - retired 31/08/13) (Deputy Head Teacher) (Deputy Head Teacher) (Deputy Head Teacher - retired 31/12/12) (Assistant Head Teacher) (Assistant Head Teacher) (Assistant Head Teacher)
Principal and Registered Office	The Ravensbourne School Hayes Lane Bromley Kent BR2 9EH	

Company Registration Number 07559170 (England and Wales)

EDUCATION FOR THE 21ST CENTURY

Reference and Administrative Details (continued)

Independent Auditors	Alliotts Friary Court 13-21 High Street Guildford Surrey GU1 3DL
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Thackray Williams LLP Kings House 32-40 Widmore Road Bromley Kent BR1 1RY

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust 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 Trustees, who act as for the charitable activities of Education for the 21st Century, are also directors of the company for purposes of company law. The company currently operates The Ravensbourne School.

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 after 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. There are currently three members, all of whom are also directors.

Trustees' Indemnities

In accordance with standard practice, the company has purchased insurance to protect the Trustees and officers in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their duties for the company. The cover under the policy is £1million and in the year under review the policy premium was £72,310.

Principal Activities

The principal activity of Education for the 21st Century is to provide a quality, free education for young people, aged 11 to 19, who live in the area local to The Ravensbourne School.

Where applications for admission to Year 7 exceed the 227 places available, the following criteria applies in the order set out, to determine which students to admit to The Ravensbourne School.

The criteria are:

- 1) Looked After Children
- 2) Sibling (a sibling on roll at the proposed time of entry)
- 3) Proximity: distance will be measured in a straight line from the student's front door to the main entrance of the school reception, using the Local Authority's computerised measuring system, with those students living closer to the school receiving higher priority.

In giving first priority to Looked After Children, our expectation is that such children would normally be placed at their nearest school.

Method of Recruitment and Appointment of Trustees

The number of Trustees shall not be less than three, but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Members may appoint up to 2 Trustees.

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

Method of Recruitment and Appointment of Trustees

The Members may appoint Staff Trustees through such process as they may determine provided that the total number of Trustees including the Chief Executive officer who are employees of the Company does not exceed one third of the total number of Trustees.

There shall be a minimum of 2 Parent Trustees for every 10 or fewer Academies.

Parent Trustees shall be elected by the Parent members of the Advisory Bodies from amongst their number. The elected Parent Trustees must be a parent of a registered pupil at one of the Academies at the time when they are elected.

The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Trustees if the number of parents standing for election is less than the number of vacancies.

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustees, including any question of whether a person is a parent of a registered pupil at one of the Academies. Any election of the Parent Trustee which is contested shall be held by secret ballot.

In appointing a Parent Trustee the Trustees shall appoint a person who is the parent of a registered pupil at an Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Chief Executive Officer:

The Chief Executive Officer shall be a Trustee for as long as he remains in office as such.

Co-opted Trustees:

The Trustees may appoint up to 3 Co-opted Trustees. A Co-opted Trustee means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Company as a Co-opted Trustee if thereby the number of Trustees who are employees of the Company would exceed one third of the total number of Trustees including the Chief Executive Officer.

Appointment of Additional Trustees:

- The Secretary of State may give a warning notice to the Trustees where he is satisfied;
- That the standards of performance of pupils at any of the Academies are unacceptably low, or
- That there has been a serious breakdown in the way any of the Academies are managed or governed, or
- That the safety of pupils or staff of any of the Academies is threatened (whether by a breakdown of discipline or otherwise)

Policies and Procedures Adopted for the Induction and Training of Advisory Body Members

Following their appointment/election all new Advisory Body members receive an introduction to their role from the Vice Chairman of the Advisory Body (AB). This introduction includes a tour of the school site and the opportunity to meet other members of the Senior Leadership Team and the Trustees.

The Trustees are committed to providing adequate opportunities for AB members to undertake and receive suitable training so as to enable them to undertake their role more effectively.

All new AB members are actively encouraged to take advantage of relevant INSET training so as to gain a better understanding of the role and responsibilities of being an AB member.

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

Organisational Structure

Subject to provisions of the Company's Act 2006, the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Trustees who may exercise all the powers of the Company. No alteration of the Articles and no such direction shall invalidate any prior act of the Trustees which would have been valid if that alteration had not been made or that direction had not been given. The powers given by the Articles shall not be limited by any special power given to the Trustees by the Articles and a meeting of Trustees at which a quorum is present may exercise all the powers exercisable by the Trustees.

Members of the Senior Leadership Team (SLT), in addition to the Head Teacher may attend AB meetings as appropriate.

The Trustees of the Company are responsible for the strategic management of the School, deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Head Teacher and staff. The latter is carried out at a number of levels; i.e. by the Senior Leadership Team, Heads of Faculty, Heads of Year and Heads of Department.

School policies are developed by senior members of the School's staff, to reflect both the strategic direction agreed by the Trustees and also statutory requirement. These policies are approved and adopted by the Trustees, and implemented as procedures and systems by the SLT and other designated members of staff.

The Trustees will meet a minimum of once per term and the Advisory Body will meet a minimum of twice per term.

Risk Management

The Ravensbourne School has been undertaking a comprehensive assessment of possible risks to the future of the academy (Risk Register)

The chief risks identified include:

- Maintenance of high level admissions - continuing to attract 227 to Year 7
- Constant numbers of students to Post 16 to ensure no detriment to future years funding
- Year on year reductions in funding to Post 16 funding totalling approximately 10% over the next three years
- Changes to main school funding and the possible reductions in LACSEG
- Deficit in the Local Authority Pension Scheme and possible increase in employers contribution rates

Systems and procedures are being developed to manage and mitigate these risks.

Connected Organisations, including Related Party Relationships

There are no organisations or related parties connected to the company.

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

Objectives and Aims

The principal object and activity of the charitable company is the operation of The Ravensbourne School to provide education for students between the ages of 11 and 19 with an emphasis on Science and Maths.

The School provides an education for students who are drawn from the area in which the School is situated. The School operates an open-access sixth form and as such admits approximately 227 students from other 11-16 providers in the area at Year 12 in addition to those continuing in Year 12 from the School itself.

Objectives, Strategies and Activities

The Academy Trust was set up on 1 April 2011 to advance, for the public benefit, education in The Bromley area of the county of Kent by maintaining, operating and developing The Ravensbourne School; a school with a history and tradition dating back to 1911. The Ravensbourne School offers a broadly-based curriculum with a particular emphasis on Science and Maths.

An initial objective was to ensure a smooth and seamless conversion of the School from foundation to academy status. In doing this the Trustees determined to maintain the traditional ethos, values, standards and achievements of the School, whilst continuing to work to fulfil the School's medium and longer term development plans.

The aims of the School rest on the following principles:

- A belief that all students share various talents that need encouragement to develop
- Recognition that school should be a preparation for life in the fullest possible sense and that students do need a sound basis of knowledge, skill, competence and experience to equip them to thrive in the many roles they will have to take on during their lives.
- The need for a working environment which secures effective teaching and learning, and values achievement by all students in their social, moral, spiritual, cultural, mental and physical development.

Public Benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by The Ravensbourne School is the maintenance and development of the high quality education provided by the School, for over 100 years, to the young people of Bromley and the surrounding boroughs.

In doing this The Ravensbourne School not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign exchange programmes are offered and undertaken.

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

Achievements and Performance

The Ravensbourne School has high aspirations for its students and a drive for continuous improvement. The School's analysis of examination performance is thorough, and much use is made of performance and benchmarking data from a range of sources.

Key Stage 3:

Standards remain very high in all core subjects and achievements/progress.

Key Stage 4:

- Standards and exam results continue to improve with 96% of students gaining 5A*-C and 73% gaining 5A* -C including English and Maths.
- Maths - 81% A*-C is 13% up on last year and is now 24% above the Subject National Average for 2013
- English -77% A*-C is 14% above the Subject National Average for 2013
- 2 A*-C in Science: 76%
- A*-C grades (not including BTEC): 85% against a National figure of 68%
- BTECs continue to perform very well against very challenging targets
- All GCSE subjects (bar one) EXCEEDED their National Subject Average A*-C for 2013
- GCSE A*-B grades – 54% is 7% up on last year.

Key Stage 5:

- Overall standards are very high with all grades in excess of the national average
- A* - C: 78% National: A*-C: 77% (+ 24% on 2012)
- A* - B: 42% National: A*-B: 56% (+ 11% on 2012)
- A* - E: 99% National: A* - E: 98%

Going Concern

After making appropriate enquires, the Trustees have a reasonable expectation that The Ravensbourne School has adequate resources to continue in 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

Most of the School's income is obtained from the DfE via the EFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

On conversion on 1 April 2011 all of the fixed assets of the former foundation school were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in the Financial Statements.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income.

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

The combined General Restricted Fund and Unrestricted Fund show an operating surplus. This operating surplus is the result of detailed and tight budgeting and budget control procedures which were inherited from the former foundation school, and which have been firmly embedded in the Academy Trust's daily financial management. The net movement in funds for the year was £1,323,451 (2012: £19,844,578).

Principal Risks and Uncertainties

- Year on year reductions in funding to Post 16 funding totalling approximately 10% over the next three years
- Changes to main school funding and the possible reductions in LACSEG
- Deficit in the Local Authority Pension Scheme and possible increase in employers contribution rates.

Systems and procedures are being developed to manage and mitigate these risks

Reserves Policy

Under its Funding agreement with the Secretary of State for Education, The Ravensbourne School is allowed to hold reserves at the period end of 2% of its General Annual Grant (GAG) for expenditure of a recurrent nature and a further 10% for expenditure of a capital nature, including maintenance and refurbishment of the Schools buildings and facilities.

The Trustees have reviewed these reserve levels and believe that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected situations such as urgent maintenance work. Under normal circumstances the Trustees would aim to maintain reserves of between 5% and 10% of GAG as an appropriate cushion.

Investment Policy

Apart from the cash held for the operation of the School, The Ravensbourne School has no realisable investments. With respect to its cash holdings the Trustees have adopted a low risk strategy. In addition to the main current account the School maintains an instant access deposit account. Suitable sweeping and switching procedures are in place at the Schools' bankers to ensure that adequate funds are available in the current account whilst maintaining a balance in the deposit account as high as possible.

Plans for future periods

The Ravensbourne School will continue to work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to higher education and ultimately employment.

The Ravensbourne School aims to continue its work in taking the teaching and learning of Science and Maths into the community local to the School, both in local schools and with members of the general public. Through this on-going initiative the school hopes to maintain and foster further the good relationships that it has developed with its "feeder" primary schools.

The Trustees recognise that through good financial management over the last few years of foundation school status, they have been able to invest in and improve significantly the quality of the built environment of the School. The improvements have not only been in the quality of the teaching spaces and facilities but also in the social and recreational areas for students and in the facilities for both teaching and support staff. Sports facilities have been significantly improved with the installation of a new 3G all weather pitch.

EDUCATION FOR THE 21ST CENTURY

TRUSTEES' REPORT

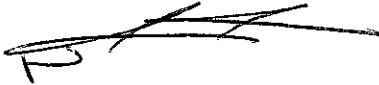
STATEMENT OF DISCLOSURE TO AUDITOR

In so far as the Trustees are aware:

- There is no relevant audit information in which the charitable company's auditor is unaware: and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Approved by order of the Trustees on 18 December 2013

Signed:



Mr N Vincent

Chair

EDUCATION FOR THE 21ST CENTURY

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that the company 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 misstatements or loss.

The board of Trustees has delegated day-to-day responsibility to the Head Teacher, 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 Head Teacher is responsible for reporting to the Academy any material weaknesses or breakdowns in internal control.

Governance

The Trustees have met 3 times during the 12 month accounting period and all meetings were attended by all Trustees.

The Advisory Body have met 7 times during the 12 month accounting period and all meetings were well attended and quorate. Two members of the Advisory Body have resigned during the year.

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 in The Ravensbourne School for the period 1st September 2012 to 31st August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The Risk and Control Framework

The Academy Trust'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 Trustees
- Regular reviews by the Trustees 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.

EDUCATION FOR THE 21ST CENTURY

GOVERNANCE STATEMENT

The Risk and Control Framework (Cont)

The Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor, however the Trustees have appointed MJA Accounting Services Ltd as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis the RO reports to the Trustees on the operation of the systems of control and on the discharge of the Trustees financial responsibilities.

The RO carries out statutory checks as identified in the academy financial handbook and produces a written report after each visit.

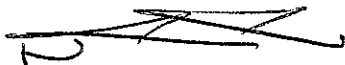
Review of Effectiveness

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the accounting period in question the review has been informed by:

- The work of the Responsible Officer
- The work of the External auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

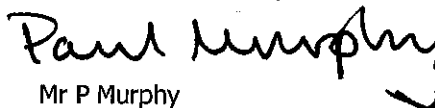
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Trustees on 18 December 2013 and signed on its behalf by:



Mr N Vincent

Chair



Mr P Murphy

Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Education for the 21st Century Academy Trust I have considered my responsibility to notify the Academy Trust Trustees 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 Trustees are able to identify any material irregular or improper use of the 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.

A handwritten signature in black ink that reads "Paul Murphy". The signature is written in a cursive, slightly slanted style.

Mr P Murphy

Accounting Officer

18 December 2013

EDUCATION FOR THE 21ST CENTURY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as trustees for charitable activities of company and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. Under company law the Trustees 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 charitable company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

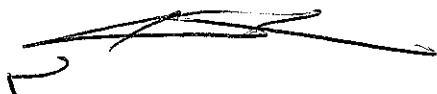
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company'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 Trustees on 18 December 2013 and signed on its behalf by:



Mr N Vincent

Chair of Trustees

EDUCATION FOR THE 21ST CENTURY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION FOR THE 21ST CENTURY

We have audited the financial statements of Education for the 21st Century for the year ended 31 August 2013 which comprises the Statement of Financial Activities, 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).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees 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 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 academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

The notes to the financial statements do not disclose fully the higher paid employees, Trustees' remuneration and expenses. Such disclosures are required by the Charities SORP 2005.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006;

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

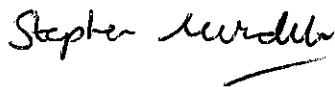
EDUCATION FOR THE 21ST CENTURY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION FOR THE 21ST CENTURY (Cont)

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
- we have not received all the information and explanations we require for our audit.



Stephen Meredith FCA
Senior Statutory Auditor

Friary Court
13-21 High Street
Guildford
Surrey GU1 3DL

For and on behalf of Alliotts,
Chartered Accountants
Statutory Auditor

18 December 2013

EDUCATION FOR THE 21ST CENTURY

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO EDUCATION FOR THE 21ST CENTURY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Education for the 21st Century and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Education for the 21st Century and the EFA those matters we are required to state to it 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 Education for the 21st Century and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Education for the 21st Century's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Education for the 21st Century funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issue by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of the 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.

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

EDUCATION FOR THE 21ST CENTURY

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO EDUCATION FOR THE 21ST CENTURY AND THE EDUCATION FUNDING AGENCY (CONTINUED)

The work undertaken to draw our conclusion includes:

- Analytical review of the Academy trust's general activities to ensure that they are within the Academy trust's framework of authorities,
- Consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance,
- Review of the general control environment for the Academy trust on financial statements and on regularity,
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy trusts framework of authority,
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy trust's delegated authorities,
- Formal representations obtained from the Board of Trustees and the Accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework,
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised,
- Review of credit card expenditure for any indication of personal use by staff, Head Teacher or Trustees,
- Review of specific terms of grant funding within the funding agreement,
- Review of related party transactions for connections with the Head Teacher or Trustees,
- Review of income received in accordance with the activities permitted within the Academy trust's charitable objectives.

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 period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Stephen Meredith FCA
Senior Statutory Auditor

For and on behalf of Alliotts,
Chartered Accountants
Statutory Auditor

Friary Court
13-21 High Street
Guildford
Surrey GU1 3DL

18 December 2013

**EDUCATION FOR THE 21ST CENTURY
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2013
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL
RECOGNISED GAINS AND LOSSES)**

	Note	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 (17 Months) £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income - transfer from Local Authority on conversion	3	-	723,216	-	723,216	20,697,294
Voluntary income - capital grants	3	-	-	-	-	855,000
Activities for generating funds	4	45,037	528,907	-	573,944	536,446
Investment Income	5	6,093	-	-	6,093	6,478
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	6	-	8,223,907	629,659	8,853,566	11,782,490
Total incoming resources		51,130	9,476,030	629,659	10,156,819	33,877,708
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	-	-	-	-
<i>Charitable activities:</i>						
Academy trust educational operations	8	-	8,545,712	520,202	9,065,914	13,578,217
<i>Governance costs</i>	9	-	13,454	-	13,454	10,913
Total resources expended	7	-	8,559,166	520,202	9,079,368	13,589,130
Net income/(expenditure) for the year/period		51,130	916,864	109,457	1,077,451	20,288,578
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension scheme	22	-	246,000	-	246,000	(444,000)
Net movement in funds		51,130	1,162,864	109,457	1,323,451	19,844,578
Reconciliation of funds						
Total funds brought forward at 1 September 2012	17	373,532	(2,051,648)	21,522,694	19,844,578	-
Total funds carried forward at 31 August 2013	17	424,662	(888,784)	21,632,151	21,168,029	19,844,578

All of the academy's activities derive from continuing operations during the above two financial periods. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

**EDUCATION FOR THE 21ST CENTURY
BALANCE SHEET
AS AT 31 AUGUST 2013**

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	13	<u>21,632,151</u>	<u>21,522,694</u>
		21,632,151	21,522,694
Current assets			
Debtors	14	139,800	268,122
Cash at bank and in hand		<u>428,082</u>	<u>204,643</u>
		567,882	472,765
Current liabilities			
Creditors: Amounts falling due within one year	15	(162,004)	(629,670)
Net current assets/(Liabilities)		<u>405,878</u>	<u>(156,905)</u>
Total assets less current liabilities		22,038,029	21,365,789
Creditors: Amounts falling due in greater than one year		-	(497,211)
Net assets excluding pension liability		<u>22,038,029</u>	<u>20,868,578</u>
Pension scheme liability	22	(870,000)	(1,024,000)
Net assets including pension liability		<u>21,168,029</u>	<u>19,844,578</u>
Funds of the academy trust:			
Restricted income funds			
Fixed asset fund	17	21,632,151	21,522,694
General fund	17	(18,784)	(1,027,648)
Pension reserve	22	(870,000)	(1,024,000)
Total restricted funds		<u>20,743,367</u>	<u>19,471,046</u>
Unrestricted income funds			
General fund		424,662	373,532
Total unrestricted funds	17	<u>424,662</u>	<u>373,532</u>
Total funds		<u>21,168,029</u>	<u>19,844,578</u>

The financial statements on pages 17 to 37 were approved by the Trustees and authorised for issue on 18 December 2013 and are signed on their behalf by:



.....
Mr N Vincent
Chair of Trustees
Company Registration No. 07559170

**EDUCATION FOR THE 21ST CENTURY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

	2013	2012
	£	£
Operating activities		(17 Months)
Surplus on continuing operations after depreciation of assets at valuation	1,077,451	19,844,578
Depreciation (note 13)	513,185	634,203
Loss on disposal of tangible fixed assets	7,017	-
Capital grants from DfE and other capital income (note 6)	(629,659)	(855,000)
Interest receivable (note 5)	(6,093)	(6,478)
FRS 17 pension cost less contributions payable (note 22)	64,000	(25,000)
FRS 17 pension finance income (note 22)	28,000	(444,000)
Voluntary Income exc. LA & other Funds (Assets on conversion)	-	(20,404,008)
(Increase)/decrease in debtors	128,322	(268,122)
Increase/(decrease) in creditors	(964,877)	1,126,881
Net cash inflow/(outflow) from operating activities	217,346	(396,946)
Returns on investments and servicing of finance		
Interest received	6,093	6,478
	6,093	6,478
Capital (expenditure)/income		
Purchase of tangible fixed assets	(629,659)	(259,889)
Capital grants from DfE/EFA	629,659	855,000
Receipts from sale of tangible fixed assets	-	-
	-	595,111
Increase in cash in the year	223,439	204,643
Reconciliation of net cash flow to movement in net funds	2013	2012
	£	£
Increase in cash	223,439	204,643
Net funds at 1 September 2012	204,643	-
Net funds at 31 August 2013	428,082	204,643

NOTE TO THE CASHFLOW STATEMENT

Analysis of changes in net funds	At 1 September	Cash flows	At 31
	2012		2013
Cash in hand and at bank	204,643	223,439	428,082
	<u>204,643</u>	<u>223,439</u>	<u>428,082</u>

EDUCATION FOR THE 21ST CENTURY PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2013

1. Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities ('SORP 2005')', the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The trustees 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 academy trust to continue as a going concern. The trustees 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 trust 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 period 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.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

EDUCATION FOR THE 21ST CENTURY PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2013

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

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.

-Cost of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

-Charitable activities

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

-Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted General funds comprise all other restricted funds received and include grants from the Education Funding Agency.

Tangible fixed assets

Tangible fixed Assets of £5,000 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. The 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 trust's depreciation policy.

**EDUCATION FOR THE 21ST CENTURY
PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2013**

Depreciation

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 their expected useful lives, as follows:

Leasehold buildings	50 years
Furniture, fittings and equipment	5-25 years
Computer equipment and software	3-5 years

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

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.

Leased Assets

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

The Academy 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 is potentially exempt from taxation in respect of income and 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.

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

2 General Annual Grant

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

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

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

3 VOLUNTARY INCOME

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012 (17 Months)
	£	£	£	£
Transfer from Local Authority on conversion	-	723,216	723,216	20,697,294
Capital grants	-	-	-	855,000
	<u>-</u>	<u>723,216</u>	<u>723,216</u>	<u>21,552,294</u>

The movement in the year relates to the write back of a provision relating to liabilities on conversion.

4 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012 (17 Months)
	£	£	£	£
Hire of premises	45,037	-	45,037	76,267
Catering income	-	389,927	389,927	316,498
Miscellaneous income	-	138,980	138,980	143,681
	<u>45,037</u>	<u>528,907</u>	<u>573,944</u>	<u>536,446</u>

5 INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012 (17 Months)
	£	£	£	£
Bank Interest	6,093	-	6,093	6,478
	<u>6,093</u>	<u>-</u>	<u>6,093</u>	<u>6,478</u>

6 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012 (17 Months)
	£	£	£	£
DfE/ EFA revenue grants				
General Annual Grant (GAG) (Note 2)	-	7,723,905	7,723,905	11,515,792
Start up grants	-	-	-	25,000
Capital grants	-	629,659	629,659	-
Other DfE/ EFA grants	-	292,040	292,040	-
	<u>-</u>	<u>8,645,604</u>	<u>8,645,604</u>	<u>11,540,792</u>
Other Government grants				
LA-SEN Government Grant	-	146,945	146,945	207,005
Other Government Grants	-	61,017	61,017	34,693
	<u>-</u>	<u>207,962</u>	<u>207,962</u>	<u>241,698</u>
	<u>-</u>	<u>8,853,566</u>	<u>8,853,566</u>	<u>11,782,490</u>

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

7 RESOURCES EXPENDED

	Staff Costs	Non Pay Expenditure		Total 2013	Total 2012 (17 Months)
	£	£	Other Costs £	£	£
Costs of generating voluntary income	-	-	-	-	-
Academy's educational operations					
· Direct costs	5,818,742	-	638,433	6,457,175	9,332,059
· Allocated support costs	985,264	513,185	1,110,290	2,608,739	4,246,158
	6,804,006	513,185	1,748,723	9,065,914	13,578,217
Governance costs including allocated support costs	-	-	13,454	13,454	10,913
	-	-	13,454	13,454	10,913
	6,804,006	513,185	1,762,177	9,079,368	13,589,130

Incoming/outgoing resources for the year include:

	2013	2012 (17 Months)
	£	£
Fees payable to auditor – audit	7,500	7,300
- other services	5,954	3,550
Profit/(loss) on disposal of fixed assets	(7,017)	-

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012 (17 Months)
	£	£	£	£
DIRECT COSTS				
Teaching and educational support staff costs	-	5,818,742	5,818,742	8,553,700
Consultancy	-	-	-	13,866
Books, apparatus and stationery	-	359,720	359,720	323,222
Advertising and recruitment	-	37,024	37,024	45,510
Examination fees	-	162,413	162,413	240,229
Other direct costs	-	79,276	79,276	155,532
	-	6,457,175	6,457,175	9,332,059
ALLOCATED SUPPORT COSTS				
Support staff costs	-	985,264	985,264	1,214,031
Maintenance of premises and equipment	-	232,304	232,304	1,134,495
Occupancy costs	-	267,944	267,944	328,780
Postage, stationery, printing and consumables	-	44,649	44,649	193,336
Telephone	-	11,777	11,777	26,174
Cost of catering	-	280,333	280,333	289,614
Cleaning and hygiene materials	-	21,351	21,351	-
Transport, travel and subsistence	-	649	649	89,169
Staff training and development	-	42,452	42,452	-
Other support costs	-	208,831	208,831	336,356
Depreciation	-	513,185	513,185	634,203
Total Costs after Depreciation	-	2,608,739	2,608,739	4,246,158
	-	9,065,914	9,065,914	13,578,217

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

9 GOVERNANCE COSTS

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012 (17 Months)
	£	£	£	£
Governors' reimbursed expenses	-	-	-	63
Audit and accountancy fees	-	13,454	13,454	10,850
	-	13,454	13,454	10,913

10 STAFF COSTS

Staff costs comprise:	2013	2012
	£	£
		(17 Months)
Wages and salaries	5,512,170	7,844,459
Social security costs	458,068	613,123
Pension costs	781,706	1,019,017
Direct Staff Costs	6,751,944	9,476,599
Freelance and other staff costs	52,063	287,444
Total staff costs (Note 8)	6,804,006	9,764,043

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2013 expressed as full time equivalents was as follows:

	2013	2012
	No.	No.
Charitable Activities		
Teachers	91	98
Administration and support	103	108
Management	7	7
	201	213

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as a Trustee. Other Trustees did not receive any payments from the academy trust in respect of their role as Trustee.

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to any Trustee.

Other related party transactions involving the Trustees are set out in note 23.

12 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2.5m (2012: £7m) on any one claim and the cost for the year ended 31 August 2013 was £1,150 (2012: £8,171).

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

13 TANGIBLE FIXED ASSETS

	Freehold Land and buildings	Furniture & equipment	Computer equipment & software	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2012	21,258,717	781,257	116,923	-	22,156,897
Additions	-	629,659	-	-	629,659
Disposals/written off	-	-	(34,760)	-	(34,760)
At 31 August 2013	<u>21,258,717</u>	<u>1,410,916</u>	<u>82,163</u>	-	<u>22,751,796</u>
Depreciation					
At 1 September 2012	433,290	153,630	47,283	-	634,203
Charged in year	305,852	181,455	25,878	-	513,185
Disposals/written off	-	-	(27,743)	-	(27,743)
At 31 August 2012	<u>739,142</u>	<u>335,085</u>	<u>45,418</u>	-	<u>1,119,645</u>
Net book values					
At 31 August 2013	<u>20,519,575</u>	<u>1,075,831</u>	<u>36,745</u>	-	<u>21,632,151</u>
At 31 August 2012	<u><u>20,825,427</u></u>	<u><u>627,627</u></u>	<u><u>69,640</u></u>	-	<u><u>21,522,694</u></u>

14 DEBTORS

	2013	2012
	£	£
Trade debtors	4,430	8,205
VAT recoverable	43,401	124,879
Prepayments and accrued income	91,969	135,038
	<u>139,800</u>	<u>268,122</u>

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	730	95,993
Other creditors	87,716	87,208
Accruals and deferred income	73,558	220,464
Loans	-	226,005
	<u>162,004</u>	<u>629,670</u>

	2013	2012
	£	£
Deferred Income		
Deferred Income at 1 September 2012	130,000	-
Resources deferred in the year	-	130,000
Amounts released from previous years	130,000	-
Deferred Income at 31 August 2013	<u>-</u>	<u>130,000</u>

The deferred income present at the end of the previous financial year related to capital grants received that related to the current financial year.

16 CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR

	2013	2012
	£	£
Loans	-	497,211
	<u>-</u>	<u>497,211</u>
Analysis of loans		
Wholly repayable within five years	-	723,216
	<u>-</u>	<u>723,216</u>
Included in current liabilities	-	(226,005)
	<u>-</u>	<u>497,211</u>
Loan maturity analysis		
In more than one year but no more than two years	-	180,804
In more than two years but not more than five years	-	316,407
	<u>-</u>	<u>316,407</u>

17 FUNDS

	Balance at	Incoming	Resources	Actuarial	Balance at
	1 September	resources	Expended	Gains, Losses	31 August
	2012			and	2013
	£	£	£	Transfers	£
Restricted general funds					
General Annual Grant (GAG)	(435,151)	7,723,905	(7,686,831)	379,293	(18,784)
Other DfE/ EFA grants	74,110	500,002	(500,002)	(74,110)	-
Other incoming resources	56,609	528,907	(280,333)	(305,183)	-
Local authority obligation	(723,216)	723,216	-	-	-
Pension Reserve	(1,024,000)	-	(92,000)	246,000	(870,000)
	<u>(2,051,648)</u>	<u>9,476,030</u>	<u>(8,559,166)</u>	<u>246,000</u>	<u>(888,784)</u>

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

17 FUNDS (continued)

	Balance at 1 September 2012 £	Incoming resources £	Resources Expended £	Actuarial Gains, Losses and Transfers £	Balance at 31 August 2013 £
Restricted fixed asset funds					
Items on Conversion	21,522,694	-	(463,856)	-	21,058,838
DfE/EFA capital grants	-	629,659	(56,346)	-	573,313
	21,522,694	629,659	(520,202)	-	21,632,151
Total restricted funds	19,471,046	10,105,689	(9,079,368)	246,000	20,743,367
Unrestricted funds					
Unrestricted funds	373,532	51,130	-	-	424,662
Total unrestricted funds	373,532	51,130	-	-	424,662
Total Funds	19,844,578	10,156,819	(9,079,368)	246,000	21,168,029

The specific purposes for which the funds are to be applied are as follows:

General Annual Grant: This fund is for the purpose of running the Academy in accordance with the Funding Agreement with the Secretary of State and along guidelines as set out in the Academies Financial Handbook. Under the Funding Agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

Other DfE/EFA Grants: This fund has also arisen from funding received for the furtherance of the academy's activities that are not funded through the General Annual Grant.

Other incoming resources: This restricted fund has arisen from non grant related income that the academy trust has received. The monies have to be used for the benefit of the academy trust, but there are no restrictions on when these monies can be spent.

Pension Reserve: This liability has arisen from the Local Government Pension Scheme which was inherited by the academy trust upon conversion. See Note 20 for further details on this liability.

Restricted fixed asset funds: These have arisen from fixed assets inherited upon conversion and from the subsequent purchases of new assets for use by the academy trust. All assets held are specifically for the use for the academy trust.

Unrestricted funds: These have arisen from activities carried out by the academy for raising funds and are unrelated to any form of Government assistance and therefore the academy trust can choose to spend it however it chooses.

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	21,632,151	21,632,151
Current assets	389,014	139,800	-	528,814
Cash and bank	122,994	305,088	-	428,082
Current liabilities	(87,346)	(463,672)	-	(551,018)
Pension scheme liability	-	(870,000)	-	(870,000)
	424,662	(888,784)	21,632,151	21,168,029

19 CAPITAL COMMITMENTS

	2013 £	2012 £
Contracted for, but not provided in the financial statements	NIL	NIL

20 FINANCIAL COMMITMENTS

Operating leases

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

Other	2013 £	2012 £
Operating leases which expire:		
. Within one year	4,385	14,289
. Within two to five years	32,164	23,661

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
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21 CONTINGENT LIABILITIES

- a** During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to :

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

- b** The company has been made aware of a claim for £723,216 in relation to a potential liability arising when the Ravensbourne School converted to an academy. The company's legal advisers are investigating the legality of the claim and whether the company has a liability.

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
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22 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 London Pension Fund Authority. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972), and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis- these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
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22 PENSION AND SIMILAR OBLIGATIONS (continued)

Valuation of the Teachers' Pension Scheme (continued)

The last valuation of the TPS related to the period 1 April 2001- 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on a career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no changes to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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NOTES TO THE FINANCIAL STATEMENTS
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22 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £211,000 of which employer's contributions totalled £163,000 and employees' contributions totalled £48,000. The agreed contribution rate for future years is 18.4% for employers. Employee contribution rates are based on various pay bands.

Principal Actuarial Assumptions	At 31 August 2013	At 1 August 2012
Rate of increase in salaries	4.7%	4.1%
Rate of increase for pensions in payment / inflation	2.4%	1.9%
Discount rate for scheme liabilities	4.6%	3.9%
Inflation Assumption (CPI)	2.4%	1.9%
Expected Return on Assets	6.1%	4.9%
Commutation of pensions to lump sums	50.0%	50.0%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
Change in assumption at 31 August 2013		
0.1% increase in real discount rate	-7%	(61)
0.1% increase in inflation	8%	64
1 year increase in member life expectancy	5%	41

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2013	At 1 August 2012
<i>Retiring today</i>		
Males	23.1	22.2
Females	26.5	26.2
<i>Retiring in 20 years</i>		
Males	25.1	24.4
Females	28.5	28.3

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22 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (Continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
	%	£000	%	£000
Equities	74.0%	1,153	80.0%	894
Government bonds	2.3%	36	3.0%	34
Other bonds	13.7%	214	14.0%	157
Cash/Liquidity	1.4%	22	3.0%	34
Other	8.6%	134	0.0%	-
Total market value of assets		1,559		1,119
Present value of scheme liabilities				
- Funded		(2,429)		(2,143)
(Deficit) in the scheme		(870)		(1,024)

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2012 for the year to 31 August 2013). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets was £229,000 (2012: £98,000).

Amounts recognised in the Statement of Financial Activities

	2013	2012
	£000	£000
Current service cost (net of employee contributions)	(227)	(25)
Past service cost	-	-
Total operating charge	(227)	(25)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	60	(414)
Interest on pension liabilities	(88)	(30)
Pension finance income / (costs)	(28)	(444)

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
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22 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year 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 £167,000 loss (2012: £413,000 loss).

Movements in the present value of defined benefit obligations were as follows:

	2013	2012
	£000	£000
At 1 September	2,143	1,202
Current service cost	227	262
Interest cost	88	110
Employee contributions	48	73
Actuarial (gain)/loss	(77)	432
Benefits paid	-	64
Past Service cost	-	-
Curtailments and settlements	-	-
At 31 August	<u>2,429</u>	<u>2,143</u>

Movements in the fair value of academy's share of scheme assets:

	2013	2012
	£000	£000
At 1 September	1,119	646
Expected return on assets	60	80
Actuarial gains / (losses)	169	19
Employer contributions	163	237
Employee contributions	48	73
Benefits paid	-	64
At 31 August	<u>1,559</u>	<u>1,119</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £155,000.

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
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22 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The two-year history of experience adjustments is as follows:

	2013	2012
	£000	£000
Defined benefit obligation at end of year	(2,429)	(2,143)
Fair value of plan assets at end of year	1,559	1,119
Deficit	<u>(870)</u>	<u>(1,024)</u>
Experience adjustments on share of scheme assets:		
Amount £'000	169	19
Experience adjustments on scheme liabilities:		
Amount £'000	-	-

**EDUCATION FOR THE 21ST CENTURY
NOTES TO THE FINANCIAL STATEMENTS
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23 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the board of governors 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.

No related party transactions took place in the period of account.

24 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.

25 CONVERSION TO AN ACADEMY TRUST

	Restricted general fund £	Total 2013 £	2012 £
Tangible Fixed Assets			
Freehold Land and Buildings	-	-	21,258,717
Other Tangible Fixed Assets	-	-	638,291
Budget Surplus on LA Funds	-	-	239,886
Budget Surplus on other Funds	-	-	19,420
LGPS Pension Surplus/(Deficit)	-	-	(555,000)
Borrowing Obligations	723,216	723,216	(904,020)
	<u>723,216</u>	<u>723,216</u>	<u>20,697,294</u>

The balance for 2013 relates to the reversal of a borrowing obligation at the time of conversion. A provision was made but following legal opinion, this obligation is no longer deemed enforceable and the provision has been released.