

**Emerson Park  
Academy**

**Annual Report and Financial  
Statements**

For the period from 2 August 2011  
to 31 August 2012

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

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## Reference and administrative information

**Directors**  
Mr Martin Tilbury (Chair of Directors)  
Mr John Luff (Vice Chair of Directors)  
Mr Colin Buckmaster  
Mrs Kay Chamberlin  
Mr Paul Connew  
Mrs Melissa Gilmour  
Mr John Gray  
Mrs Della Jones  
Mrs Victoria O'Connor  
Mr Andrew Read  
Mr Neil Rebeugeot-Smith  
Mr James Walding  
Mr Kevin Walsh (Headteacher)

**Company Secretary** Mr Peter Wells

### Senior Leadership Team

Headteacher Kevin Walsh  
Deputy Head Denise Pickard  
Assistant Head Ray Consterdine  
Christine Crawley  
Mark Hope  
Graham Linge  
Hermanus Trauernicht

Business Manager Peter Wells

**Registered address**  
Wych Elm Road  
Wingletye Lane  
Hornchurch  
Essex  
RM11 3AD

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**Company registration number** 07726858 (England and Wales)

**Auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

## Reference and administrative information

**Bankers** Natwest Bank Plc  
120 – 122 High Street  
Hornchurch  
RM12 3UL

**Solicitors** Bates, Wells and Braithwaite LLP  
2 – 6 Cannon Street  
London  
EC4M 6YH

## **Directors' report** Period from 2 August 2011 to 31 August 2012

The Directors of Emerson Park Academy ('the Academy') present their statutory report together with the financial statements of the charitable company for the period from 2 August 2011 to 31 August 2012.

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 26 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" ('SORP 2005').

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

Emerson Park Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Directors act as the trustees for the charitable activities of Emerson Park Academy and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the period except as noted on page 4.

#### **Members' liability**

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Directors' indemnities**

In accordance with normal practice the Academy has purchased insurance to protect the Directors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £25 million and in the period under review the sum of £3,878 was paid.

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#### **Principal activities**

The Academy Trust's objects are specifically restricted to the following:

- (a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

## Directors' report Period from 2 August 2011 to 31 August 2012

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Directors

The Directors are directors of the charitable company for the purposes of the Companies Act 2006. The following Directors were in office at 31 August 2012 and served throughout the period except where shown.

Director	Appointed/Resigned	
Mr Martin Tilbury (Chair of Directors)	Appointed 2 August 2011	Co-opted Director
Mr John Luff (Vice-chair of Directors)*	Appointed 2 August 2011	Parent Director
Mr Colin Buckmaster	Appointed 2 August 2011	Parent Director
Mrs Kay Chamberlin	Appointed 2 August 2011	Co-opted Director
Mr Paul Connew*	Appointed 2 August 2011	Co-opted Director
Mrs Melissa Gilmour	Appointed 2 August 2011	Member-appointed Director
Mr John Gray	Appointed 2 August 2011	Parent Director
Mrs Della Jones	Appointed 20 June 2012	Staff Director
Mrs Victoria O'Connor*	Appointed 2 August 2011	Parent Director
Mr Andrew Read	Appointed 20 June 2012	Parent Director
Mr Neil Rebeugeot-Smith*	Appointed 2 August 2011	Parent Director
Mr A Taylor	Appointed 2 August 2011 & Resigned 29 February 2012	
Mr James Walding	Appointed 2 August 2011	Staff Director
Mr Kevin Walsh (Headteacher)*	Appointed 2 August 2011	Ex officio Director

\*Member of the Finance and Resources Committee

#### Method of recruitment and appointment or election of Directors

Emerson Park Academy was incorporated as a private limited company on 2 August 2011. The three founding members of the Academy Trust are Mr Martin Tilbury, Mr John Luff and Mr Paul Connew. A Board of up to 15 Directors are responsible for the Governance of the Academy. In accordance with the Memorandum and Articles of Association, Members may appoint up to three Directors. Up to six Parent Directors may be appointed following an election process of parents/guardians of existing students. Nominees for Parent Director must have a student currently on roll at the Academy. There are positions for up to three Co-Opted Directors who may be appointed by the Board themselves. There are two Staff Director Appointments, one teaching and one non-teaching member of staff may be nominated and appointed following an election process of the respective staff members. Mr Walsh as Headteacher is also an ex-officio member of the Board.

#### Policies and procedures adopted for the induction and training of Directors

Newly appointed Directors will attend induction courses run by the Local Authority Board of Directors Support Unit. In addition, a Directors' Handbook containing recent minutes, Academy Development Plan, latest Headteacher's Report, Committee's list and recommendations of courses to attend is also made available in the Academy.

**Directors' report** Period from 2 August 2011 to 31 August 2012

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Organisational structure**

<u>Emerson Park Academy Trust Members</u>			
Founding Members:	Mr P Connew	Mr J Luff	Mr M Tilbury
<b>Board of Directors</b>			
Parent Elected Directors	Mr Colin Buckmaster Mr John Gray Mr John Luff Mrs Victoria O'Connor Mr Andrew Read Mr Neil Rebeugeot		
Co-Opted Directors	Mrs Kay Chamberlin Mr Paul Connew Mr Martin Tilbury		
Staff Directors	Mrs Della Jones Mr James Walding Mr Kevin Walsh	Elected, Non-Teaching Elected, Teaching Head Teacher (ex-officio)	
Member Appointed Directors	Mrs Melissa Gilmour Vacancy Vacancy		
Company Secretary	Mr Peter Wells		
<b>COMMITTEES</b>			
<b>Finance and Resources Committee</b>	<b>Assets, Acquisitions and Services Committee</b>	<b>Learning and Teaching Committee</b>	<b>Human Resources Committee</b>
Mr P Connew (Chair) Mr J Luff Mrs V O'Connor Mr N Rebeugeot Mr K Walsh	Mr C Buckmaster Mrs M Gilmour Mrs V O'Connor Mr A Read Mr N Rebeugeot (Chair) Mr M Tilbury	Mr Colin Buckmaster Mrs K Chamberlin Mr J Gray Mrs D Jones Mr J Luff Mrs V O'Connor (Chair) Mr M Tilbury Mr J Walding	Mr Colin Buckmaster Mrs K Chamberlin Mr J Gray Mr J Luff Mrs V O'Connor (Chair) Mr M Tilbury

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Risk management**

The Board of Directors identify, assess and mitigate risk both for the Academy and as a whole and its operations. A Risk Register is in place which is subject to regular review and made available to all staff. Key members of staff and Directors are involved in the preparation of the Risk Register. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk.

### **Connected organisations, including related party relationships**

Emerson Park Academy currently works in partnership with:

Abbs Cross School – as a partner school in jointly working to raise standards.

Havering Sports Collective (HSC). As one of two Sports Specialist Colleges Emerson Park administers and coordinates sports activities, working alongside Coopers' Company & Coborn School, across the borough of Havering for all participating primary and secondary schools.

Emerson Park is a fully active partner within the Havering Educational Partnership (HEP) and the Havering Teacher Training Partnership (HTTP).

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

We aim to support our pupils' educational growth in mind, body and spirit, to build upon their prior learning, develop their potential and prepare them for the future.

We encourage and challenge all of our students to be the best they can be and to make a positive contribution both in school and beyond.

- ◆ We strive to offer the highest standards in teaching and learning, in order to maximise the achievements of all pupils.
- ◆ We aim to make learning interesting and enjoyable. Our curriculum aims to offer a broad balance of essential and wider experiences so that each child can find something they can enjoy and in which they can find success.
- ◆ We seek to develop enquiring minds, an appetite for knowledge and the attitudes, values and educational basis necessary for our young people to grow into useful members of society.

We believe that this is best achieved if those involved are happy and working in a friendly, safe and supportive environment which is ordered, calm and purposeful.



**OBJECTIVES AND ACTIVITIES** (continued)

**Objectives, strategies and activities**

Staff training is key to moving the academy towards its stated goal of being 'outstanding'. Emerson Park Academy was recently awarded the CPD mark (in recognition of excellent Continued Professional Development across all staff & directors).

Emerson Park Academy seeks to enhance learning and accelerate pupil progress by embedding robust targeting and tracking.

The development of innovative strategies and resources (including ICT) is constantly under review.

**Public Benefit**

The provision of education at Emerson Park Academy is for public benefit. The Directors have complied with their duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising their power or duties.

**ACHIEVEMENTS AND PERFORMANCE**

**Review of activities**

Emerson Park Academy is judged to be a 'Good' school – Ofsted November 2011.

Gender	Year	NOC	3+ A*-A	5+ A*-C	5+ A*-G	1+ A*-G	Any Qual	5+A*- C incA*- C	5+A*- C Incl	5+A* -G Incl Level	MFL Lvl 2	MFL Lvl 1	APS	Capped APS
								GCSE E&M	Level 2 E&M	1 E&M				
All Pupils	2012	185	30.3	93.0	99.5	100.0	100.0	59.5	59.5	99.5	5.4	10.8	550.5	363.9
All Pupils	2011	191	35.1	84.3	97.9	99.5	99.5	72.3	72.8	97.4	7.9	13.1	511.0	353.0
All Pupils	2010	190	29.5	80.5	95.3	98.9	98.9	54.7	59.5	94.7	13.2	23.7	474.9	336.1
All Pupils	2009	191	24.1	66.0	95.3	97.9	98.4	46.6	46.6	93.2	12.0	22.0	414.7	315.9
All Pupils	2008	192	18.8	70.3	96.9	98.4	99.0	57.8	57.8	95.8	13.0	23.4	419.3	320.7

**ACHIEVEMENTS AND PERFORMANCE** (continued)

**Review of activities** (continued)

Boys	2012	106	29.2	90.6	99.1	100.0	100.0	57.5	57.5	99.1	3.8	10.4	523.1	357.2
Boys	2011	117	34.2	84.6	97.4	100.0	100.0	71.8	72.6	96.6	5.1	9.4	506.3	351.3
Boys	2010	116	32.8	76.7	94.8	99.1	99.1	50.9	57.8	94.0	12.1	19.8	457.8	331.2
Boys	2009	100	24.0	59.0	93.0	98.0	99.0	40.0	40.0	92.0	8.0	15.0	390.5	303.5
Boys	2008	121	20.7	71.1	97.5	100.0	100.0	56.2	56.2	96.7	14.0	24.8	420.7	324.1

Girls	2012	79	31.6	96.2	100.0	100.0	100.0	62.0	62.0	100.0	7.6	11.4	587.3	372.9
Girls	2011	74	36.5	83.8	98.6	98.6	98.6	73.0	73.0	98.6	12.2	18.9	518.4	355.6
Girls	2010	74	24.3	86.5	95.9	98.6	98.6	60.8	62.2	95.9	14.9	29.7	501.7	343.7
Girls	2009	91	24.2	73.6	97.8	97.8	97.8	53.8	53.8	94.5	16.5	29.7	441.4	329.5
Girls	2008	71	15.5	69.0	95.8	95.8	97.2	60.6	60.6	94.4	11.3	21.1	416.9	315.0

During the year, several capital projects have been completed including replacing and extending the student washroom facilities, installation of a new digital CCTV system and Intruder Alarm to improve safety and security of staff, students and public using our facilities, refurbishment of the school kitchen and provision of new theatre lighting to the stage and main hall.

Four teaching classrooms were redecorated and new furniture provided, Food Technology benefited from a refurbishment of their teaching area, wireless technology was introduced throughout the site together with the provision of new computers to two ICT rooms and a suite of 30 laptops used for curriculum purposes.

During the year, students attended a Ski trip to Sugarloaf, Maine USA, a Sports trip to Barcelona, Spain, a Humanities trip to Ypres, France, a Lifeskills trip to Auschwitz, Poland in addition to outdoor pursuits trips to Stubbers, Sealyham and the Lea Valley White Water Centre which was one of the many Olympic venues visited by over 100 students during the Olympic and Paralympic games. Other faculties arranged trips to local theatres and West End Theatres, and also the Clothes Show at the NEC in Birmingham.

As a Specialist Sports College our students are very competitive; Year 7 Boys Football team won the Havering Cup with Year 9 Boys runners up in the Havering Cup. In athletics, the boys finished 3rd in Havering. We have introduced the Nike Girls Training Programme which is very well supported by the students, keeping the girls fit and active.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Review of activities** (continued)

Emerson Park Academy is a licensed independent unit of the Duke of Edinburgh's Award Scheme managed by staff at the Academy. Forty year 10 students participated in the Bronze award with expeditions to Danbury and Saffron Walden. We hope to introduce the Silver award next year.

We have a very active Parent and Teachers Association who hold many fund raising events and last year purchased new stage and hall curtains and also supplied the Academy with a new 17 seat Minibus.

### **Going concern**

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Academy has adequate resources to continue its operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Key financial performance indicators**

Staffing costs represent 71% of our total incoming resources excluding assets donated on conversion, capital grants and start up grants. The sector average is 75% indicating our staffing levels are not excessive and are well managed.

Diversity of Income shows 10.3% of our total income is self generated making us less reliant on funding from the Government when compared to other Academies within the sector where the average is 8.4%.

Surplus as a percentage of recurrent income is 2.9% demonstrating that we utilise the annual funding we receive whilst being prudent with reserves and contingencies, the sector average being 4.6%.

For clarification, the sector average figures quoted represent the average of 70 Academies located in Greater London and the South East of England.

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## **FINANCIAL REVIEW**

### **Financial report for the year**

Excluding the funds received on conversion to academy status, the majority of the Academy's funding was provided by the Education Funding Agency (EFA). The Academy's total incoming resources for the period 2 August 2011 to 31 August 2012 amounted to £13,897,761 including £8,030,545 related to funds received on conversion, £4,768,522 related to the EFA revenue grant and £20,116 for the EFA capital grant.

**FINANCIAL REVIEW** (continued)

**Financial report for the year** (continued)

The Academy held fund balances of £7,870,919 at 31 August 2012 which includes unrestricted funds of £576,037, none of which is designated.

The results for the period are shown on page 20.

**Principal risks and uncertainties**

The Academy's principal risks have been identified and there is a risk register in place to mitigate these risks. The risks fall into the following classifications: compliance, financial, operational, and strategic and reputational.

**Reserves policy**

As part of the transfer to academy status, the Directors are in a position to determine an appropriate level of free reserves (total funds less the amount held in tangible fixed assets, restricted funds and designated funds). The minimum level of free reserves to be held last year was set at £180,000. The reason for this is to provide sufficient working capital to provide resources to deal with unexpected emergencies such as urgent maintenance and to cover delays between spending and receipts of grants. The Finance and Resources Committee will determine the level of free reserves for future years when setting the annual budget ensuring it is adequate but not excessive.

**Investment policy**

The Academy utilises a High Interest bearing account for cash balances exceeding £10,000.

**FUTURE ACTIVITIES AND PLANS**

The Board of Directors approve the annual budget which is monitored by the Finance and Resources Committee to ensure it supports the requirements specified in the School Development Plan. The Academy has recently been successful in a grant application to renovate the cricket square next year and will continue to pursue further grant opportunities to develop and improve the facilities provided to students.

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**Auditor**

In so far as the Directors are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Directors' report** Period from 2 August 2011 to 31 August 2012

Approved by order of the members of the Board of Directors on 11 December 2012 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M. Tilbury', written over a horizontal line.

Mr Martin Tilbury  
Chair of Directors

Date: 11 December 2012

**Scope of responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that the Emerson Park Academy has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The Board of Directors has formally met three times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

<b>Director</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Mr C Buckmaster	2	3
Mrs K Chamberlin	2	3
Mr P Connew	2	3
Mrs M Gilmour	3	3
Mr J Gray	2	3
Mrs D Jones	1	1
Mr J Luff	3	3
Mrs V O'Connor	3	3
Mr A Read	1	1
Mr N Rebeugeot-Smith	3	3
Mr M Tilbury	3	3
Mr J Walding	3	3
Mr K Walsh	3	3

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

Attendance at meetings in the period was as follows:

<b>Director</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Mr P Connew	4	5
Mr J Luff	4	5
Mrs V O'Connor	1	1
Mr N Rebeugeot - Smith	3	5
Mr K Walsh	5	5

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Directors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

**The risk and control framework**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- ◆ regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Directors have appointed Chantrey Velloccott DFK LLP to perform the role of Responsible Officer (RO). The RO's role includes giving advice on financial matters and of performing a range of compliance checks on the Academy's financial systems and procedures. On a termly basis, the RO will report to the Directors on the operation of the system of control and on the discharge of the Board of Directors' financial responsibilities. The findings from the last RO visit resulted in some recommendations being made but none were deemed to be significant.

**Governance statement** 31 August 2012

**Review of effectiveness**

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

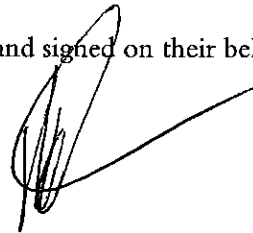
- ◆ the work of the responsible officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance and Resources Committee of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors and signed on their behalf by:



Mr Martin Tilbury  
Chair of Directors



Mr Kevin Walsh  
Headteacher and Accounting Officer

Approved on: 11 December 2012

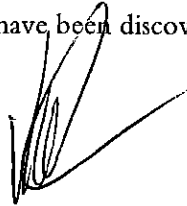


**Statement on regularity, propriety and compliance** 31 August 2012

As Accounting Officer of Emerson Park Academy, I have considered my responsibility to notify the Academy's Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Mr Kevin Walsh  
Accounting Officer

Date: 11 December 2012

## Statement of directors' responsibilities 31 August 2012

The Directors are responsible for preparing the Directors' 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 year. 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

The Directors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy's website. Legislation in the United Kingdom governing preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 11 December 2012 and signed on its behalf by:



Mr Martin Tilbury  
Chair of Directors

Date:

**Independent auditor's report to the members of Emerson Park Academy**

We have audited the financial statements of Emerson Park Academy for the period ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditor**

The Directors act as trustees for the charitable activities of Emerson Park Academy and are also the directors of the charity for the purpose of company law.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

**Opinion**

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

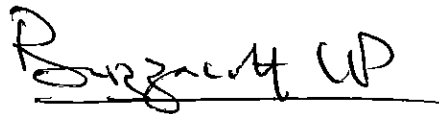
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

20 December 2012

**Independent auditor's report on regularity to the Board of Directors of Emerson Park Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 30 July 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy Trust during the period from 2 August 2011 to 31 August 2012 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 the Board of Directors and the EFA. Our review work has been undertaken so that we might state to the Board of Directors 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 the Board of Directors and the EFA, for our review work, for this report, or for the opinion we have formed.

**Respective responsibilities of the Board of Directors and auditor**

The Board of Directors is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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.

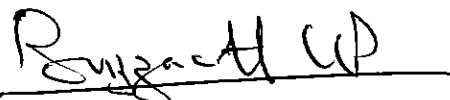
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed or income received during the period from 2 August 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Basis of opinion**

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

**Opinion**

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 from 2 August 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

20 December 2012

**Statement of financial activities** Period from 2 August 2011 to 31 August 2012  
(incorporating the income and expenditure account)

	Notes	Unrestricted general fund £	Restricted funds		Fixed assets fund £	2012 Total funds £
			EFA £	Other £		
<b>Incoming resources</b>						
Incoming resources from generated funds:						
. Voluntary income - transfer from Local Authority on conversion	26	716,545	(436,000)	—	7,750,000	<b>8,030,545</b>
. Voluntary income	2	13,777	—	—	—	<b>13,777</b>
. Activities for generating funds	3	435,520	—	—	—	<b>435,520</b>
. Investment income	4	8,974	—	—	—	<b>8,974</b>
Incoming resources from charitable activities:						
. Funding for the Academy's educational operations	5	—	5,247,414	141,415	20,116	<b>5,408,945</b>
<b>Total incoming resources</b>		<b>1,174,816</b>	<b>4,811,414</b>	<b>141,415</b>	<b>7,770,116</b>	<b>13,897,761</b>
<b>Resources expended</b>						
Cost of generating funds:						
. Cost of generating voluntary income		69,196	—	—	—	<b>69,196</b>
Charitable activities						
. Academy's educational operations	7	121,597	5,319,267	141,415	171,276	<b>5,753,555</b>
Governance costs	8	1,000	33,091	—	—	<b>34,091</b>
<b>Total resources expended</b>	6	<b>191,793</b>	<b>5,352,358</b>	<b>141,415</b>	<b>171,276</b>	<b>5,856,842</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>983,023</b>	<b>(540,944)</b>	<b>—</b>	<b>7,598,840</b>	<b>8,040,919</b>
Transfers between funds		(406,986)	(113,944)	—	293,042	—
<b>Net income (expenditure) for the period</b>		<b>576,037</b>	<b>(427,000)</b>	<b>—</b>	<b>7,891,882</b>	<b>8,040,919</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension scheme	24	—	(170,000)	—	—	<b>(170,000)</b>
<b>Net movement in funds</b>		<b>576,037</b>	<b>(597,000)</b>	<b>—</b>	<b>7,891,882</b>	<b>7,870,919</b>
<b>Reconciliation of funds</b>						
Fund balances brought forward at 2 August 2011		—	—	—	—	—
<b>Fund balances carried forward at 31 August 2012</b>	15	<b>576,037</b>	<b>(597,000)</b>	<b>—</b>	<b>7,891,882</b>	<b>7,870,919</b>

All of the academy trust's activities derive from acquisitions in the current financial period.

A separate Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Balance sheet** 31 August 2012

	Notes	2012 £	2012 £
<b>Fixed assets</b>			
Tangible fixed assets	12		<b>7,891,882</b>
<b>Current assets</b>			
Stock	13	<b>66,205</b>	
Debtors	14	<b>132,799</b>	
Cash at bank and in hand		<b>900,054</b>	
		<b>1,099,058</b>	
<b>Creditors:</b> amounts falling due within one year	15	<b>(523,021)</b>	
<b>Net current assets</b>			<b>576,037</b>
<b>Total assets less current liabilities</b>			<b>8,467,919</b>
<b>Net assets excluding pension scheme liability</b>			<b>8,467,919</b>
Pension scheme liability	24		<b>(597,000)</b>
<b>Net assets including pension scheme liability</b>			<b>7,870,919</b>
<b>Funds of the Academy</b>			
Restricted funds			
. Fixed assets fund	16		<b>7,891,882</b>
. EFA fund	16		<b>—</b>
. Pension reserve			<b>(597,000)</b>
			<b>7,294,882</b>
Unrestricted funds			
. General fund			<b>576,037</b>
<b>Total funds</b>			<b>7,870,919</b>

The financial statements on pages 20 to 39 were approved by the Directors, and authorised for issue on 11 December 2012 and are signed on their behalf by:



Mr Martin Tilbury  
Chair of Directors

Emerson Park Academy  
Company Limited by Guarantee  
Registration Number: 07726858 (England and Wales)

**Cash flow statement** Period from 2 August 2011 to 31 August 2012

	Notes	2012 £
<b>Net cash inflow from operating activities</b>	19	<b>591,319</b>
Cash transferred on conversion to an academy trust	26	<b>600,039</b>
Returns on investment and servicing of finance	20	<b>8,974</b>
Capital expenditure	21	<b>(300,278)</b>
<b>Increase in cash in the period</b>		<b>900,054</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>		
Net funds at 2 August 2011		—
<b>Net funds at 31 August 2012</b>	22	<b>900,054</b>

All of the cash flows derived from acquisitions in the current financial period.



### **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.

### **Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Emerson Park School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Emerson Park Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27 of the financial statements.

### **Going Concern**

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **Incoming Resources**

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All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

#### **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the 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.

**Incoming Resources** (continued)

Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income

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

Gifts in kind

The value of gifts in kind provided to the Academy are recognised at a valuation attributed by the Directors in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured.

**Resources Expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds

These are costs incurred in attracting voluntary income.

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

### **Tangible Fixed Assets**

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

Leasehold buildings	2% per annum
Leasehold additions	2% per annum
Furniture and equipment	20% per annum
Computer equipment	33% per annum

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

### **Leased Assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

### **Stock**

School uniforms and catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions Benefits**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### **Fund Accounting**

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

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

Restricted EFA funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Havering.

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**1 General Annual Grant (GAG)**

	2012 £
<b>a. Results and Carry Forward for the period</b>	
GAG allocation for current period	4,768,522
<b>Total GAG available to spend</b>	<b>4,768,522</b>
Recurrent expenditure from GAG	(4,589,424)
Fixed assets purchased from GAG	(293,042)
<b>GAG carried forward to next year*</b>	<b>(113,944)</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current period)	572,223
<b>GAG to surrender to DfE (12% rule breach if result is positive)</b>	<b>(686,167)</b>
	<b>No breach</b>

**2 Voluntary income**

	Unrestricted funds £	Restricted funds £	2012 Total funds £
Donations	13,777	—	13,777

**3 Activities for generating funds**

	Unrestricted funds £	Restricted funds £	2012 Total funds £
Hire of facilities	76,217	—	76,217
Shop income	82,063	—	82,063
School trip income	151,311	—	151,311
Graduate training income	53,880	—	53,880
Music tuition fees	13,265	—	13,265
Other income	58,784	—	58,784
	<b>435,520</b>	<b>—</b>	<b>435,520</b>

**4 Investment income**

	Unrestricted funds £	Restricted funds £	2012 Total funds £
Interest receivable	8,974	—	8,974

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**5 Funding for the Academy's educational operations**

	Unrestricted funds £	Restricted funds £	2012 Total funds £
<b>DfE / EFA capital grant</b>			
. School main building grants	—	20,116	<b>20,116</b>
<b>DfE / EFA revenue grant</b>			
. General Annual Grant (GAG) (note 1)	—	4,768,522	<b>4,768,522</b>
. Start Up grants	—	25,000	<b>25,000</b>
. Other DfE / EFA grants	—	453,892	<b>453,892</b>
	—	5,247,414	<b>5,247,414</b>
<b>Other government grants</b>			
. London Borough of Havering	—	87,347	<b>87,347</b>
. Other pupil premium	—	21,575	<b>21,575</b>
. Other grants	—	32,493	<b>32,493</b>
	—	141,415	<b>141,415</b>
	—	5,408,945	<b>5,408,945</b>

**6 Resources expended**

	Staff costs £	Non pay expenditure		2012 Total funds £
		Premises £	Other costs £	
<b>Costs of generating funds</b>				
. Costs of generating voluntary income	—	—	69,196	<b>69,196</b>
<b>Academy's educational operations</b>				
. Direct costs	3,647,377	159,328	691,680	<b>4,498,385</b>
. Allocated support costs	494,572	554,268	206,330	<b>1,255,170</b>
	4,141,949	713,596	898,010	<b>5,753,555</b>
<b>Governance costs including allocated support costs</b>				
	—	—	34,091	<b>34,091</b>
	4,141,949	713,596	1,001,297	<b>5,856,842</b>
<b>Incoming resources for the period include:</b>				<b>2012 £</b>
Fees payable to auditor				
. Statutory audit				<b>8,900</b>
. Other services				<b>2,500</b>

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**7 Charitable activities - Academy's educational operations**

	Unrestricted funds £	Restricted funds £	2012 Total funds £
<b>Direct costs</b>			
Teaching and educational support staff costs	—	3,647,377	<b>3,647,377</b>
Educational supplies	—	405,196	<b>405,196</b>
Examination fees	—	130,205	<b>130,205</b>
Staff development	—	19,452	<b>19,452</b>
Behavioural support	—	15,230	<b>15,230</b>
Trips and activities	121,597	—	<b>121,597</b>
Depreciation	—	159,328	<b>159,328</b>
	<u>121,597</u>	<u>4,376,788</u>	<u><b>4,498,385</b></u>
<b>Allocated support costs</b>			
Support staff costs	—	494,572	<b>494,572</b>
Recruitment and support	—	17,386	<b>17,386</b>
Catering	—	47,464	<b>47,464</b>
Administration costs	—	71,267	<b>71,267</b>
Insurance	—	37,014	<b>37,014</b>
Transport	—	5,132	<b>5,132</b>
Rent and rates	—	42,847	<b>42,847</b>
Cleaning	—	66,533	<b>66,533</b>
Maintenance of premises and equipment	—	169,941	<b>169,941</b>
Utilities	—	121,409	<b>121,409</b>
Improvements and alterations	—	144,421	<b>144,421</b>
Depreciation	—	19,184	<b>19,184</b>
Interest payable (FRS17 charge)	—	18,000	<b>18,000</b>
	—	<u>1,255,170</u>	<u><b>1,255,170</b></u>
	<u>121,597</u>	<u>5,631,958</u>	<u><b>5,753,555</b></u>

**8 Governance costs**

	Unrestricted funds £	Restricted funds £	2012 Total funds £
Legal and professional fees	—	20,371	<b>20,371</b>
Auditor's remuneration:			
. Audit of financial statements	—	8,900	<b>8,900</b>
. Other services	—	2,500	<b>2,500</b>
Consultancy	1,000	—	<b>1,000</b>
Other expenses	—	1,320	<b>1,320</b>
	<u>1,000</u>	<u>33,091</u>	<u><b>34,091</b></u>

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**9 Staff costs**

Staff costs during the period were:

	Unrestricted funds £	Restricted funds £	2012 Total funds £
Wages and salaries	—	3,253,188	<b>3,253,188</b>
Social security costs	—	260,600	<b>260,600</b>
Pension costs	—	437,685	<b>437,685</b>
	—	3,951,473	<b>3,951,473</b>
Supply teacher costs	—	190,476	<b>190,476</b>
	—	4,141,949	<b>4,141,949</b>

The average numbers of persons (including senior management team) employed by the Academy during the period expressed as a full time equivalents was as follows:

Charitable activities	2012 No
Teachers	53
Administration and support	41
Management	7
	<b>101</b>

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

	2012 No
£60,001 - £70,000	1
£80,001 - £90,000	1

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012 pension contributions for these staff amounted to £21,300.

**10 Directors' remuneration and expenses**

Principal and staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the Academy in respect of their role as Directors. The value of Directors' remuneration was as follows:

	2012 £
Kevin Walsh, Headteacher and trustee	<b>£85,001 - £90,000</b>
Della Jones, Staff Director and trustee	<b>£15,001 - £20,000</b>
James Walding, Staff Director and trustee	<b>£35,001 - £40,000</b>

No expenses were reimbursed during the period ended 31 August 2012.

Other related party transactions involving the trustees are set out in note 25.



**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**11 Directors' and Officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £25 million on any one claim and the cost for the period ended 31 August 2012 was £3,878.

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

**12 Tangible fixed assets**

	Leasehold property £	Leasehold improvements £	Asset under construction £	Furniture, fittings & equipment £	Computer equipment £	Total funds £
<b>Cost/valuation</b>						
Transfer on conversion	7,750,000	—	—	—	—	<b>7,750,000</b>
Additions	—	28,543	145,592	116,057	30,202	<b>320,394</b>
At 31 August 2012	<u>7,750,000</u>	<u>28,543</u>	<u>145,592</u>	<u>116,057</u>	<u>30,202</u>	<b>8,070,394</b>
<b>Depreciation</b>						
Charge in period	155,000	—	—	13,445	10,067	<b>178,512</b>
At 31 August 2012	<u>155,000</u>	<u>—</u>	<u>—</u>	<u>13,445</u>	<u>10,067</u>	<b>178,512</b>
<b>Net book value</b>						
At 31 August 2012	<u>7,595,000</u>	<u>28,543</u>	<u>145,592</u>	<u>102,612</u>	<u>20,135</u>	<b>7,891,882</b>

The land on which the Academy is sited is leased from The London Borough of Havering at a peppercorn rent over the term of 125 years from 1 September 2011. A valuation took place on 18 November 2011 by Hilbery Chaplin Chartered Surveyors using the depreciated replacement cost method. The building has been included in the financial statements at this value. The land that the Academy is built on is designated for educational purposes only and therefore has no open market value. It has therefore not been included in the financial statements.

**13 Stock**

	2012 £
School uniform	<b>66,205</b>

Stock held at 31 August 2012 represents School uniform held for supply to 198 new Year 7 students prior to the start of term.

**14 Debtors**

	2012 £
Prepayments	<b>79,313</b>
VAT debtor	<b>53,486</b>
	<b>132,799</b>

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**15 Creditors: amounts falling due within one year**

	2012 £
Trade creditors	67,811
PAYE and social security	141,828
Other creditors	38,377
Accruals and deferred income	275,005
	<b>523,021</b>
<b>Deferred income</b>	
Deferred income at 1 August 2011	—
Resources deferred in the year	34,538
Deferred income at 31 August 2012	<b>34,538</b>

Deferred income of £20,655 relates to income received in the period for school trips that are taking place in the year ending 31 August 2013 and £13,883 relates to a grant for the School Games Organiser for the year ending 31 August 2013.

**16 Funds**

	Balance at 2 August 2011 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
<b>EFA revenue grant fund</b>					
. General Annual Grant (GAG)	—	4,768,522	(4,882,466)	113,944	—
. Start Up Grant	—	25,000	(25,000)	—	—
. Other EFA grants	—	453,892	(453,892)	—	—
	—	5,247,414	(5,361,358)	113,944	—
. Pension reserve	—	(436,000)	9,000	(170,000)	<b>(597,000)</b>
	—	4,811,414	(5,352,358)	(56,056)	<b>(597,000)</b>
<b>Fixed assets fund</b>					
. EFA capital grants	—	20,116	(1,881)	—	<b>18,235</b>
. Capital expenditure from GAG	—	—	(14,395)	293,042	<b>278,647</b>
. Academy building and furniture and equipment transferred from Local Authority	—	7,750,000	(155,000)	—	<b>7,595,000</b>
	—	7,770,116	(171,276)	293,042	<b>7,891,882</b>
<b>Other funds</b>					
. London Borough of Havering	—	87,347	(87,347)	—	—
. Other pupil premium	—	21,575	(21,575)	—	—
. Other grants	—	32,493	(32,493)	—	—
	—	141,415	(141,415)	—	—
<b>Total restricted funds</b>	—	12,722,945	(5,631,958)	203,895	<b>7,294,882</b>
<b>Unrestricted funds</b>					
. Unrestricted funds	—	1,174,816	(191,793)	(406,986)	<b>576,037</b>
<b>Total unrestricted funds</b>	—	1,174,816	(191,793)	(406,986)	<b>576,037</b>
<b>Total funds</b>	—	13,897,761	(5,856,842)	(170,000)	<b>7,870,919</b>

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**17 Analysis of net assets between funds**

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2012 £
<b>Fund balances at 31 August 2012 are represented by:</b>				
Tangible fixed assets	—	—	7,891,882	<b>7,891,882</b>
Current assets	1,099,058	—	—	<b>1,099,058</b>
Current liabilities	(523,021)	—	—	<b>(523,021)</b>
Pension scheme liability	—	(597,000)	—	<b>(597,000)</b>
<b>Total net assets</b>	<b>576,037</b>	<b>(597,000)</b>	<b>7,891,882</b>	<b>7,870,919</b>

**18 Financial commitments**

Operating leases

At 31 August 2012, the Academy had annual commitments under non-cancellable operating leases as follows:

	2012 £
<b>Other</b>	
Expiring within one and two years	<b>13,186</b>
	<b>13,186</b>

**19 Reconciliation of net income to net cash inflow from operating activities**

	2012 £
Net income	<b>8,065,913</b>
Transfer from local authority on conversion	<b>(8,030,545)</b>
Depreciation (note 12)	<b>178,512</b>
Capital grants from DfE and other capital income	<b>(20,116)</b>
Interest receivable (note 4)	<b>(8,974)</b>
FRS 17 pension cost less contributions payable (note 25)	<b>(27,000)</b>
FRS 17 pension finance cost (note 25)	<b>18,000</b>
Stock transferred from local authority	<b>41,000</b>
Debtors transferred from local authority	<b>87,874</b>
Creditors transferred from local authority	<b>(12,368)</b>
Increase in stock	<b>(66,205)</b>
Increase in debtors	<b>(157,793)</b>
Increase in creditors	<b>523,021</b>
<b>Net cash inflow from operating activities</b>	<b>591,319</b>

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**20 Returns on investment and servicing of finance**

	<b>2012</b>
	<b>£</b>
Interest received	<b>8,974</b>
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>8,974</b>

**21 Capital expenditure**

	<b>2012</b>
	<b>£</b>
Purchase of tangible fixed assets	<b>(320,394)</b>
Capital grants from DfE / EFA	<b>20,116</b>
<b>Net cash outflow from capital expenditure</b>	<b>(300,278)</b>

**22 Analysis of changes in net funds**

	At 2 August 2011 £	Cashflows £	At 31 August 2012 £
Cash in hand and at bank	—	900,054	<b>900,054</b>

**23 Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**24 Pension and similar obligations**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Havering. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

**24 Pension and similar obligations** (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

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

**Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, 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 (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, 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.

**24 Pension and similar obligations** (continued)

**Teachers' Pension Scheme (TPS)** (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 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 is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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 and the implications for the Academy in terms of the anticipated contribution rates.

**24 Pension and similar obligations** (continued)

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £178,000, of which employer's contributions totalled £139,000 and employees' contributions totalled £39,000.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2012</b>
Rate of increase in salaries	4.0%
Rate of increase for pensions in payment / inflation	2.2%
Discount rate for scheme liabilities	4.1%
Inflation assumption (CPI)	2.2%
Commutation of pensions to lump sums	50%

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

	<b>At 31 August 2012</b>
<i>Retiring today</i>	
Males	21.9 years
Females	24.6 years
<i>Retiring in 20 years</i>	
Males	23.8 years
Females	26.5 years

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

	<b>Expected return at 31 August 2012</b>	<b>Fair value at 31 August 2012 £</b>
Equities	5.5%	484,000
Bonds	3.4%	201,000
Property	3.7%	45,000
Cash	2.8%	15,000
Total market value of assets		745,000
Present value of scheme liabilities		(1,342,000)
Deficit in the scheme		(597,000)

The actual gain on scheme assets was £58,000.

**Notes to the Financial Statements** Period from 2 August 2011 to 31 August 2012

**24 Pension and similar obligations** (continued)

**Local Government Pension Scheme** (continued)

<b>Amounts recognised in statement of financial activities</b>	<b>2012 £</b>
Current service costs (net of employee contributions)	<b>112</b>
Total operating charge	<b>112</b>

**Analysis of pension finance costs**

Expected return on pension scheme assets	<b>(36)</b>
Interest on pension liabilities	<b>54</b>
<b>Pension finance costs</b>	<b>18</b>

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a loss of £170,000.

<b>Movements in the overall deficit were as follows:</b>	<b>2012 £</b>
Deficit on conversion	<b>(436,000)</b>
Current service cost	<b>(112,000)</b>
Employer contributions	<b>139,000</b>
Net finance cost	<b>(18,000)</b>
Actuarial loss	<b>(170,000)</b>
<b>At 31 August 2012</b>	<b>(597,000)</b>

<b>Reconciliation of defined benefit obligation</b>	<b>2012 £</b>
Transferred from local authority on conversion to Academy	<b>946,000</b>
Current service cost	<b>112,000</b>
Contributions by members	<b>39,000</b>
Net finance interest	<b>54,000</b>
Actuarial losses	<b>191,000</b>
<b>At 31 August 2012</b>	<b>1,342,000</b>

<b>Reconciliation of fair value of the academy's share of scheme assets were as follows:</b>	<b>2012 £</b>
Transferred from local authority on conversion to Academy	<b>510,000</b>
Expected return on assets	<b>36,000</b>
Contributions by members	<b>39,000</b>
Contributions by employers	<b>139,000</b>
Actuarial gain	<b>21,000</b>
<b>At 31 August 2012</b>	<b>745,000</b>

The estimated value of the employer contributions for the year ending 31 August 2013 is £128,000.



**24 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

The experience adjustments are as follows:

	2012 £
<b>Present value of defined benefit obligations</b>	<b>(1,342,000)</b>
<b>Fair value of share scheme assets</b>	<b>745,000</b>
<b>Deficit on the scheme</b>	<b>(597,000)</b>
<b>Experience adjustments on share of scheme assets</b>	
Amount £	21,000
<b>Experience adjustments on scheme liabilities</b>	
Amount £	—

**25 Related party transactions**

Owing to the nature of the Academy's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

**26 Conversion to an academy trust**

On 2 August 2011 Emerson Park School converted to academy trust status under the Academies Act 2010 and all operations and assets and liabilities were transferred to Emerson Park Academy from the London Borough of Havering for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

**27 Conversion to an academy trust (continued)**

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £	Total £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	7,750,000	<b>7,750,000</b>
Budget surplus on LA funds	624,001	—	—	<b>624,001</b>
Budget surplus on other school funds	92,544	—	—	<b>92,544</b>
LGPS pension deficit	—	(436,000)	—	<b>(436,000)</b>
<b>Net assets (liabilities)</b>	<b>716,545</b>	<b>(436,000)</b>	<b>7,750,000</b>	<b>8,030,545</b>

The above net assets include £673,238 that were transferred as cash.