

**EBN TRUST**  
(A company limited by guarantee)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**EBN TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Directors**

GJ Alexander  
JP Allen  
LJ Clark (resigned 1 May 2013)  
JB Farrell  
B Mabey, Vice Chair  
ML McCrohon  
J Norbury  
CM Quinn, Chair  
M Rooney  
S Turney (resigned 1 July 2013)  
M Wilkie

**Local governing body**

C Adams  
N Conroy  
R Green  
D Hughes  
S Hunter  
A Khan  
D Maher  
J Norbury  
J Saunders, Chair  
J Trafford, Vice Chair  
J Teague

**Senior management team**

Jenny Norbury, Principal  
Dawn Maher, School Business Manager  
Kris Sarabadu, Acting Vice-Principal & Curriculum Leader for English  
Tracey Mansbridge, Curriculum Leader for Maths  
Serica Hunter, Curriculum Leader for Science

**Chief executive officer**

Marie Rooney

**Company registered number**

07665550

**Principal and registered office**

East Birmingham Network Washwood Heath School  
Burney Lane  
Birmingham  
West Midlands  
B8 2AS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND  
ADVISERS  
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**Advisers (continued)**

**Company secretary**

Hilary Barber

**Independent auditor**

Crowe Clark Whitehill LLP  
Chartered Accountants  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers**

HSBC  
34 Poplar Road  
Solihull  
West Midlands  
B91 3AF

**Solicitors**

Browne Jacobson  
Victoria Square House  
Victoria Square  
Birmingham  
B2 4BU

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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The Directors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of EBN Trust for the year ended 31 August 2013. The Directors confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**CONSTITUTION**

The trust is a company limited by guarantee and is an exempt charity. The Charitable Company's Memorandum and Articles of Association and Funding Agreement are the primary governing documents of the Academy Trust. The Charitable Company was incorporated on the 10 June 2011.

The Directors act as the trustees for the charitable activities of EBN Trust Limited and are also the Directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as EBN Trust. The Directors have appointed a Local Governing Body who acts as the Governors of EBN Academy.

Details of the Directors and Governors who served the EBN Trust and EBN Academy throughout 2012/13 are included in the Reference and Administrative Details.

**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.

During the year, an indemnity from the Charitable Company was available to the directors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the companies Act as is set out in the Articles of Association.

**PRINCIPAL ACTIVITIES**

EBN Academy is a 13-16 alternative provision Free school. The Academy has not as yet had an Ofsted and is awaiting their first Ofsted in 2013/14.

The object of EBN Trust, an Academy, is set out in the Articles of Association, namely 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 an educational institution which is principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academy").

**METHOD OF RECRUITMENT AND APPOINTMENT OF DIRECTORS**

The Trust's Board of Directors have been elected for 4 year terms. Where vacancies arise, through the completion of term or by the resignation of a serving Governor, Directors will be recruited in accordance with the Articles of Association and "A Guide to the law for School Governors". The term of office for any Governor is 4 years, although this time limit does not apply to the Principal.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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The Board of Directors who were in Office and served throughout the year are listed on page 1

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION OF DIRECTORS**

The Trust is a member of the National Governors Association and through this body each member receives regular updates on current legislation by email and the NGA magazine. Additional training is provided as required based on individual or collective need. External advice and support is commissioned where necessary.

**ORGANISATIONAL STRUCTURE**

The structure of the Trust consisted of four senior levels: The Board of Directors (who are the Head Teachers from the partnership of the East Birmingham Network of Schools), the local Governing body (who the East Birmingham Network Head Teachers have devolved responsibility to), the sub-committees including the Principal and the wider senior leadership team. The aim of this management structure is to

Distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Academy nurtures the talents of its entire staff to support continual improvement and excellence.

The Board of Directors is responsible for setting the Academy's policies, adopting the Academy's Balanced Score Card (School Improvement Plan) and budget, monitoring performance against these plans and making major decisions about the direction of the Academy including its curriculum, the achievement and welfare of students and staffing.

The Principal, Vice Principal, Business Manager and senior leadership group manage the Academy at an executive level, implementing the policies set by the Board of Directors and reporting back to them.

The Board of Directors has established two sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, the Principal, (The Accounting Officer), the Vice Principal and the Senior Leadership Team. The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Local Governing Body and Board of Directors annually. The terms of reference for the Leadership Sub Committee detail the Academy's authorised spending limits.

The sub-committees of the Governing Body are the  
Leadership sub-committee  
Pupil Matters sub-committee

Groups of Governors may be formally or informally organised outside of the sub-committee structure to support the Academy as required to consider

- Principal, Vice Principal recruitment
- Performance Management of the Principal
- Student behaviour
- Staff discipline
- Complaints
- Significant areas of change management (staff re-structuring)

**RISK MANAGEMENT**

The Directors have considered the major risks to which the trust is exposed, in particular those relating to governance, finance, insurance, attainment, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

The Board of Directors have implemented a number of systems to assess and reduce risks that the school

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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faces, especially in operational areas in relation to teaching, health and safety (including school trip and offsite provision), behaviour management and in relation to the control of finances. They have introduced policies and systems for the recruitment, selection and vetting of staff, continual professional development of staff, child protection, supervision of students around the site and internal financial controls to minimise financial risk. Adequate insurance has been arranged where significant financial risk remains. The Academy has an effective system of internal financial control as explained in the Statement of Internal Control.

### **CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

EBN Academy is part of Ninestiles Plus Teaching School Alliance. The academy continues to work closely with all the 12 secondary schools (who are also the commissioners) within the East Birmingham network to support the school improvement plan for EBN Academy.

#### **Objectives and Activities**

#### **OBJECTS AND AIMS**

As described, the object of EBN Trust, is set out in the Articles of Association.

The Board of Directors continues to set the Academy's strategic aims through the schools Balanced Score Card. These aims are monitored closely by the Board of Directors by way of the Principal and through the work of the local Governing body, the sub committees each of which are led by the Principal.

The aims and objectives for the Academy are derived from the schools mission statement which is

EBN Academy will be nationally acknowledged as a high achieving, innovative school that recognises and respects the richness and diversity of its community. The Governing Body will be resources to meet the needs of 21st century students. Within a caring, well ordered environment we will develop and reinforce the values, skills and attributes which will allow our students to be good citizens and lifelong learners. Parents, governors, directors of the EBN Trust and the wider community will work in partnership to ensure that high quality learning takes place. Outcomes will be outstanding.

The key aims of the Academy for the forthcoming year are to

- 1 To ensure that differentiated activities are challenging the most able students and provide accurate information for teachers on what students can and can't do
- 2 To ensure that all teachers understand their responsibilities to teach literacy across the curriculum so that reading, writing and communication are taught systematically in all subjects
- 3 To enable students to take more responsibility for their own learning by refining the target setting process so that all students know what they have achieved and what they need to do next to progress
- 4 To make more effective use of individual learning passports to motivate students
- 5 To ensure that baseline testing is valid and accurate so that progress over time is measurable and that progress against targets shows clear progression and value added by the school
- 6 To ensure that a strong body of evidence is accumulated to show the impact of catch-up sessions
- 7 To ensure that in lessons, all staff consistently use the Professional Standards for Students and students' personal behaviour targets to help them improve and take more responsibility for their own behaviour
- 8 To enable students to review their behaviour weekly and to assess their progress against their targets and the behavioural standards so that they become more reflective and self-aware
- 9 The principal, in consultation with the trust's Executive Director ensure that the strategic direction of the school is clearly articulated in an over-view of the school improvement plan so that all staff understand the vision and appreciate the urgency for rapid and sustained improvement

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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- 10 Refine the current assessment tracking system so that it provides more precise, meaningful data and also shows the impact of interventions which will help to identify gaps and build a stronger platform on which to add value for every student coming through the school
- 11 To ensure that the school's curriculum meets the needs of all students, including those with the most complex needs, to ensure accelerated progress
- 12 To ensure that the learning and behaviour curriculum are coherent by systematically including the teaching of behaviour and literacy skills in all schemes of work
- 13 To ensure that attendance is a key focus for improvement

### **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Key Objectives for the forthcoming year are

- 1 A minimum of 13% of students achieving 5 A\*-C including English and Maths
- 2 At least 28% of students achieve grade C or level 2 Functional Skills in English and Maths
- 3 100% of students making accelerated progress in line with their baseline testing
- 4 100% of students achieving at least 1 qualification
- 5 FSM gap is narrowed
- 6 100% of students progress onto further education, employment and training
- 7 Attendance is a minimum of 80%

### **PUBLIC BENEFIT**

In setting objectives and planning the Academy's activities, the Board of Directors have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit

### **Achievements and performance**

### **GOING CONCERN**

After consideration of the schools financial position, its financial plans, (including projected students numbers), the demand for places and the broader environment, the Board of Directors have a reasonable expectation that the Academy has and will continue to have adequate resources to enable it to be a sustainable going concern in 2013/14 and for the foreseeable future. For this reason the Academy continues to adopt the going concern principle in preparing financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

### **REVIEW OF ACTIVITIES**

EBN Academy was legally formed on midnight of 31st August 2012. This report covers the Academy's first full academic year and financial year of operation.

The school has not had an Ofsted as yet and is expecting its first Ofsted ever in 2013/14.

There were 45 students on roll on 31st August 2012.

The Academy is committed to continual improvement, which is achieved in a number of ways through improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self evaluation, data analysis and action planning.



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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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Table 1 provides a summary of the Academy's performance in summer 2013 examination session

**Table 1 Summary of GCSE examination results**

Overall (7 Students)

5 A\*-C 29%

5 A\*-C including English and Maths 0%

5 A\*-G 57%

5 A\*-G including English and Maths 57%

1 A\*-G 86%

**INVESTMENT POLICY**

Investment vehicles are approved by the Board of Directors with the support of expert advice as necessary. The Academy does not have any endowment funds.

**Financial review**

**FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The objective of the Academy Risk Management procedure is to identify the principal risks facing the Academy and that existing controls may be considered and further action taken if required, including external insurance.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The board of directors has a comprehensive risk management process to identify and monitor risks facing the Academy. The principal risk identified includes governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified as higher risk areas.

**RESERVES POLICY**

The Charitable Company is not yet in a position to generate significant reserves and it is expected that the whole of its annual income will be expended on its primary purpose for the foreseeable future.

**PRINCIPAL FUNDING**

The Academy received income into its *unrestricted fund, restricted general funds and fixed assets fund* during 2012/13.

**Unrestricted Funds**

Income received into the Unrestricted Fund was £458,895 (2012 £nil). This majority of this income was received through commissioner led funding from the East Birmingham Network Partnership of Schools. This income was to help fund a period up until General Annual Grant (GAG) income was received. Therefore £256,317 has been transferred to restricted funds to cover educational expenditure in this period.

Expenditure against the fund was £302 (2012 £Nil).

There is an Unrestricted Fund carry forward of £202,276 (2012 £Nil), after transfers between funds, at the year end.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**Restricted General Fund**

The majority of the Academies restricted income was received through the General Annual Grant (GAG) and start up grants, the use of which is restricted to the Academy's charitable activities, its educational operations. The sum total of this funding was £312,254.

The total restricted income received in the year was £476,392 (2012 95,934). Expenditure against the fund was £708,097 (2012 £95,934).

The shortfall of income in the year has been supplemented by the £248,955 transfer from unrestricted funds.

There is a Restricted Fund carry forward of £17,250 (2012 £Nil), after transfers between funds, at the year end.

**RESTRICTED FIXED ASSET (CAPITAL) FUND**

The Restricted Fixed Asset Fund Balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Academy's depreciation policy.

During the year, the Academy Trust took occupancy within a building which is leased from Tesco Stores Limited at peppercorn rent. It has been determined that the terms of the lease transfer substantially all the risks and rewards of ownership and therefore the EBN Trust has recognised a restricted donation with a corresponding addition to tangible fixed assets. The Directors' best estimate of the property's open market value is £1,000,000 based upon information available to them.

The remainder of the Income received into the fund related to EFA capital funding for the fit out of the property.

The SOFA details a £1,557,463 (2012 £nil) Restricted Fixed Asset Fund year end surplus after transfers between funds.

**SUMMARY OF FINANCIAL PERFORMANCE**

Total fund balance as at 31st August 2013 was £1,776,989 comprising of surpluses of £202,276, £17,250, £1,557,463 in Unrestricted, Restricted General and Restricted Fixed Assets Funds respectively.

**BALANCE SHEET**

The Academy's assets were predominantly used for providing education to the school students.

The net book value of the Academy's tangible fixed assets was £1,557,463 at 31st August 2013.

Cash in hand at 31st August 2013 was £114,338.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**Plans for the future**

**FUTURE DEVELOPMENTS**

EBN Academy strives to continually improve levels of attainment for all students, equipping them with the qualification, skills and character to follow their chosen pathways, whether it be into further and higher education employment and training

The curriculum, the quality of teaching and learning informed interventions are consistently reviewed to help every child achieve their full potential

The Academy believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop student's commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extracurricular activities

**FUNDS HELD AS CUSTODIAN**

EBN Trust hold the funds for the East Birmingham Network Education Partnership which is used to pay for the salaries of the employees who run the EBN Partnership and the broader activities that support the networks behaviour strategy. The value of the funds held throughout 2012/13 as of August 2013 was £114,034.40

The transactions relating to the East Birmingham Network Education Partnership are separate and have not been included in these financial statements

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that the Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information by the charitable group's auditor in connection with preparing its reports and to establish that the charitable group's auditor is aware of that information

**AUDITOR**

The auditor, Crowe Clark Whitehill LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting

This report was approved by order of the Trust on 19 December 2013 and signed on its behalf by

  
**CM Quinn**  
Chair of Local Governing Body

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As directors, we acknowledge we have overall responsibility for ensuring that EBN Trust 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 Trust has delegated the day-to-day responsibility to the Principal, 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 EBN Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust 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 Directors' responsibilities statement. The Trust Directors have formally met 9 times during the year as follows:

Director	Meetings attended	Out of a possible
GJ Alexander	8	9
JP Allen	8	9
LJ Clark*	6	9
JB Farrell	7	9
B Mabey, Vice Chair	8	9
ML McCrohon	7	9
J Norbury	0	9
CM Quinn, Chair	9	9
M Rooney	9	9
S Turney	3	6
M Wilkie	9	9

\*For two of these meetings a proxy director attended.

The Local Governing Body

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
C Adams	1	4
N Conroy	3	4
R Green	4	4
S Hunter	3	4
A Khan	3	4
D Maher	4	4
J Norbury	4	4
M Rooney	3	4
J Saunders	4	4
J Trafford	4	4
J Teague	3	4

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**GOVERNANCE STATEMENT (continued)**

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The Leadership Committee is a sub-committee of the main Trust. It is responsible for matters relating to finance, staffing and the site (including health and safety)

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
A Khan	1	3
D Maher	3	3
J Norbury	3	3
M Rooney	3	3
J Trafford	3	3
J Teague	1	3

The Pupil Matters Committee is also a sub-committee of the main local governing body. It is also responsible for matters relating to finance, staffing and the site (including health and safety)

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
R Green	4	4
S Hunter	4	4
D Maher	4	4
J Norbury	4	4
M Rooney	4	4
J Saunders	3	4
J Teague	3	4

### **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 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 EBN Trust for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

### **CAPACITY TO HANDLE RISK**

The Trust has 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 Trust is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust.

### **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 Trust,

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**GOVERNANCE STATEMENT (continued)**

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- regular reviews by the Governors 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 Trust has considered the need for a specific internal audit function and has decided to appoint Jerry Trafford as Responsible Officer (RO)

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a semi-annual basis, the Responsible Officer reports to the Trust on the operation of the systems of control and on the discharge of the Trust's financial responsibilities

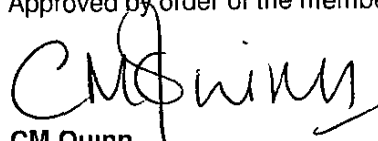
**REVIEW OF EFFECTIVENESS**

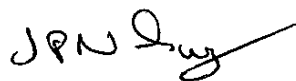
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- 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 the Governors and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Trust on 19 December 2013 and signed on their behalf, by

  
**CM Quinn**  
**Chair of Trustees**

  
**J Norbury**  
**Accounting Officer**

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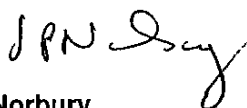
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of EBN Trust I have considered my responsibility to notify the Academy Trust 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 (2012)

I confirm that I and the Academy Trust Trust 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 (2012)

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



**J Norbury**  
**Accounting Officer**

Date 19 December 2013

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**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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The Directors (who act as governors of EBN Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to

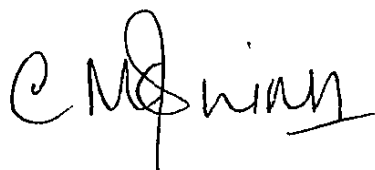
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Directors 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 Directors 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 Directors 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 Trust on 19 December 2013 and signed on its behalf by



**CM Quinn**  
**Chair of Trustees**



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**EBN TRUST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBN TRUST**

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We have audited the financial statements of EBN Trust for the year ended 31 August 2013 which comprise 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Academy Trust'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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the Academy Trust for the purposes of company law) 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 Trust'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 misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Academy Trust'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, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**EMPHASIS OF MATTER**

The financial statements of EBN Trust for the period to 31 August 2012, which are presented as comparatives to these financial statements, were not audited.

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**EBN TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EBN TRUST**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year 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

  
Helen Drew (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Chartered Accountants

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG  
19 December 2013

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**EBN TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO EBN TRUST AND  
THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 4 June 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 EBN Trust during the year 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 EBN Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to EBN Trust and the EFA those matters we are required to state 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 EBN Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF EBN TRUST'S ACCOUNTING OFFICER AND THE REPORTING  
AUDITOR**

The accounting officer is responsible, under the requirements of EBN Trust's funding agreement with the Secretary of State for Education dated 2012, and the Academies Financial 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 year 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 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a 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.

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**EBN TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO EBN TRUST AND  
THE EDUCATION FUNDING AGENCY (continued)**

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

  
Crowe Clark Whitehill LLP

Chartered Accountants

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

19 December 2013

**EBN TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
Voluntary income	2	823	20,254	1,000,000	1,021,077	-
Activities for generating funds	3	-	27,842	-	27,842	-
Incoming resources from charitable activities	4	458,072	428,296	774,204	1,660,572	95,934
<b>TOTAL INCOMING RESOURCES</b>		<b>458,895</b>	<b>476,392</b>	<b>1,774,204</b>	<b>2,709,491</b>	<b>95,934</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities						
Governance costs	8	302	690,104	224,103	914,509	39,936
		-	17,993	-	17,993	55,998
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>302</b>	<b>708,097</b>	<b>224,103</b>	<b>932,502</b>	<b>95,934</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>						
		458,593	(231,705)	1,550,101	1,776,989	-
Transfers between Funds	16	(256,317)	248,955	7,362	-	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>202,276</b>	<b>17,250</b>	<b>1,557,463</b>	<b>1,776,989</b>	<b>-</b>
<i>Total funds at 1 September 2012</i>						
		-	-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>202,276</b>	<b>17,250</b>	<b>1,557,463</b>	<b>1,776,989</b>	<b>-</b>

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 22 to 39 form part of these financial statements

**EBN TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07665550

**BALANCE SHEET**  
AS AT 31 AUGUST 2013

	Note	2013		2012	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13		1,557,463		-
<b>CURRENT ASSETS</b>					
Debtors	14	305,558		21,161	
Cash at bank and in hand		114,338		74,773	
		<u>419,896</u>		<u>95,934</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(188,370)</u>		<u>(95,934)</u>	
<b>NET CURRENT ASSETS</b>			<u>231,526</u>		-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,788,989</u>		-
Defined benefit pension scheme liability	20		<u>(12,000)</u>		-
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>1,776,989</u></u>		<u><u>-</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds					
Restricted funds	16	29,250		-	
Restricted fixed asset funds	16	1,557,463		-	
Restricted funds excluding pension liability		<u>1,586,713</u>		-	
Pension reserve		<u>(12,000)</u>		-	
Total restricted funds			<u>1,574,713</u>		-
Unrestricted funds	16		<u>202,276</u>		-
<b>TOTAL FUNDS</b>			<u><u>1,776,989</u></u>		<u><u>-</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 19 December 2013 and are signed on their behalf, by

  
**CM Quinn**  
Chair of Trustees

The notes on pages 22 to 39 form part of these financial statements

**EBN TRUST**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Net cash flow from operating activities	18	1,821,131	74,773
Capital expenditure and financial investment		(1,781,566)	-
<b>INCREASE IN CASH IN THE YEAR</b>		<u>39,565</u>	<u>74,773</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2013**

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Increase in cash in the year	<u>39,565</u>	<u>74,773</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<u>39,565</u>	<u>74,773</u>
Net funds at 1 September 2012	<u>74,773</u>	-
<b>NET FUNDS AT 31 AUGUST 2013</b>	<u>114,338</u>	<u>74,773</u>

The notes on pages 22 to 39 form part of these financial statements

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**EBN TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

*The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.*

**1.2 Company status**

The Academy Trust is a company limited by guarantee. The members of the company are the Directors named on page 1. In the event of the Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy Trust.

**1.3 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 Academy Trust 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.

**1.4 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 Directors.*

*Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 Department for Education.*



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**EBN TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES (continued)**

**1.5 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

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.

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 the Academy Trust's policies.

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

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

Charitable activities are costs incurred in the Academy Trust's educational operations.

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

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**EBN TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised

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 are 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 Trust's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	over 50 years
Fixtures and fittings	-	over 4 years
Computer equipment	-	over 3 years

**1.8 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.

**1.9 Recognition of liabilities**

Liabilities are only recognised when the academy has an obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation.

**EBN TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Pensions**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS") These are defined benefit schemes 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 Trust 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 20, the TPS is a multi-employer scheme and the Academy Trust 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 Trust 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 the 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 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

**2. VOLUNTARY INCOME**

	<b>Unrestricted funds 2013 £</b>	<b>Restricted funds 2013 £</b>	<b>Total funds 2013 £</b>	<i>Total funds 2012 £</i>
Pension deficit transferred from Local Authority	-	(3,000)	(3,000)	-
Donations	500	1,023,254	1,023,754	-
Other income	323	-	323	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<b>823</b>	<b>1,020,254</b>	<b>1,021,077</b>	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the year, the academy trust took occupancy of a building which is leased from Tesco Stores Limited at peppercorn rent It has been determined that the terms of the lease transfer substantially all the risks and rewards of ownership and therefore the EBN Trust has recognised a restricted donation with a corresponding addition to tangible fixed assets The Directors' best estimate of the property's open market value is £1,000,000 based upon information available to them

**EBN TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
EBN Network salary contributions	-	21,642	21,642	-
Maths session income	-	6,200	6,200	-
	-	27,842	27,842	-

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	180,683	180,683	-
Start up Grants	-	131,571	131,571	95,934
Capital Grants	-	774,204	774,204	-
EAG Grants	-	44,583	44,583	-
Other EFA Grants	-	54,209	54,209	-
	-	1,185,250	1,185,250	95,934
<b>Other government grants</b>				
Pupil premium	-	17,250	17,250	-
	-	17,250	17,250	-
<b>Other funding</b>				
Pupil led funding	458,072	-	458,072	-
	458,072	-	458,072	-
	458,072	1,202,500	1,660,572	95,934

**EBN TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**5. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	Staff Costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Academy's educational operations					
Direct costs	328,292	224,103	36,476	588,871	1,987
Allocated support costs	206,983	-	118,655	325,638	37,949
Sub total	<u>535,275</u>	<u>224,103</u>	<u>155,131</u>	<u>914,509</u>	<u>39,936</u>
Governance	-	-	17,993	17,993	55,998
	<u>535,275</u>	<u>224,103</u>	<u>173,124</u>	<u>932,502</u>	<u>95,934</u>

**6. DIRECT COSTS**

	Restricted £	Total 2013 £	Total 2012 £
Technology costs	8,142	8,142	-
Educational supplies	16,180	16,180	1,987
Examination fees	6,087	6,087	-
Staff development	6,067	6,067	-
Wages and salaries	269,423	269,423	-
National insurance	24,359	24,359	-
Pension cost	34,510	34,510	-
Depreciation	224,103	224,103	-
	<u>588,871</u>	<u>588,871</u>	<u>1,987</u>

**EBN TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**7 SUPPORT COSTS**

	Unrestricted £	Restricted £	Total 2013 £	Total 2012 £
Technology costs	-	400	400	3,683
Recruitment and support	-	180	180	20,062
Maintenance of premises and equipment	-	12,098	12,098	-
Cleaning	-	3,412	3,412	-
Rent & Rates	-	52,394	52,394	-
Energy Costs	-	3,343	3,343	-
Insurance	-	10,584	10,584	2,279
Security and transport	-	7,778	7,778	-
Catering	-	5,792	5,792	-
Bank interest and charges	-	469	469	-
Other support costs	302	21,903	22,205	567
Wages and salaries	-	171,398	171,398	11,358
National insurance	-	11,155	11,155	-
Pension cost	-	24,430	24,430	-
	<u>302</u>	<u>325,336</u>	<u>325,638</u>	<u>37,949</u>

**8 GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	7,500	7,500	-
Auditors' non audit costs	-	6,350	6,350	600
Legal and professional	-	3,524	3,524	55,398
Trustees expenses reimbursed	-	619	619	-
	<u>-</u>	<u>17,993</u>	<u>17,993</u>	<u>55,998</u>

**9. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Depreciation of tangible fixed assets		
- owned by the charity	224,103	-
Auditor's remuneration	7,500	-
	<u>231,603</u>	<u>-</u>

**EBN TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**10. STAFF COSTS**

Staff costs were as follows

	<b>Year ended 31 August 2013 £</b>	<i>Period ended 31 August 2012 £</i>
Wages and salaries	437,356	11,358
Social security costs	35,514	-
Other pension costs (Note 20)	58,940	-
	<u>531,810</u>	<u>11,358</u>
Supply teacher costs	2,570	-
Other Agency costs	895	-
	<u><u>535,275</u></u>	<u><u>11,358</u></u>

The average number of persons (including the senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows

	<b>Year ended 31 August 2013 No.</b>	<i>Period ended 31 August 2012 No</i>
Management	2	0
Teaching	5	0
Admin and support	8	0
	<u>15</u>	<u>0</u>

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

	<b>Year ended 31 August 2013 No.</b>	<i>Period ended 31 August 2012 No</i>
In the band £60,001 - £70,000	1	0

During the year ended 31 August 2013, Teachers' Pension scheme contributions for the above member of staff amounted to £9,870 (2012 - £Nil)

**EBN TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**11. DIRECTORS' REMUNERATION AND EXPENSES**

The Principal and other 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 Trust in respect of their role as Directors. The value of Directors' remuneration, inclusive of pension costs, fell within the following bands

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Jenny Norbury	79,870	N/a

During the year ended 31 August 2013, expenses totalling £619 (2012 - £NIL) were reimbursed to 1 Director (2012 - 0)

**12. DIRECTORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £302 (2012 - £Nil)

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

**13. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
Additions	1,000,000	677,021	104,545	1,781,566
At 31 August 2013	<u>1,000,000</u>	<u>677,021</u>	<u>104,545</u>	<u>1,781,566</u>
<b>Depreciation</b>				
Charge for the year	20,000	169,255	34,848	224,103
At 31 August 2013	<u>20,000</u>	<u>169,255</u>	<u>34,848</u>	<u>224,103</u>
<b>Net book value</b>				
At 31 August 2013	<u><u>980,000</u></u>	<u><u>507,766</u></u>	<u><u>69,697</u></u>	<u><u>1,557,463</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. DEBTORS**

	2013 £	2012 £
Other debtors	152,635	21,161
Prepayments and accrued income	152,923	-
	<u>305,558</u>	<u>21,161</u>

**15. CREDITORS**  
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	128,908	95,334
Other creditors	4,619	-
Accruals and deferred income	54,843	600
	<u>188,370</u>	<u>95,934</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16 STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
<b>Unrestricted funds</b>					
Pupil led funding	-	458,072	-	(256,317)	201,755
Other donations	-	823	(302)	-	521
	-	458,895	(302)	(256,317)	202,276
<b>Restricted funds</b>					
General Annual Grant (GAG)	-	180,683	(417,638)	248,955	12,000
Start up grants	-	131,571	(131,571)	-	-
EAG Grant	-	44,583	(44,583)	-	-
Other EFA grants	-	54,209	(54,209)	-	-
Local authority grants	-	17,250	-	-	17,250
East Birmingham Network contributions	-	44,896	(44,896)	-	-
Other Income	-	6,200	(6,200)	-	-
Pension reserve	-	(3,000)	(9,000)	-	(12,000)
	-	476,392	(708,097)	248,955	17,250
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Funds	-	1,774,204	(224,103)	7,362	1,557,463
Total restricted funds	-	2,250,596	(932,200)	256,317	1,574,713
Total of funds	-	2,709,491	(932,502)	-	1,776,989

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

The following grants relate to government funding for the provision of education by the the Academy

- General Annual Grant
- Start up grants
- Other EFA grants
- Local authority grants

The EAG grant relates to government funding covering rental costs paid to the South Birmingham College for the EBN Trust's temporary accommodation

Income from the East Birmingham Network comprises of contributions received from the various schools within the East Birmingham Network, in respect of pupils who have been transferred to the East Birmingham Academy The Network also agreed to contribute towards the first year salary costs of a personal coach employed by Academy

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**16. STATEMENT OF FUNDS (continued)**

Transfers represent expenditure on fixed assets from the restricted income fund and the transfer of unrestricted income received from the local authority in relation to pupil place funding to cover the restricted costs incurred by the Academy until GAG monies were received in April 2013

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	1,557,463	1,557,463	-
Current assets	202,276	217,620	-	419,896	95,934
Creditors due within one year	-	(188,370)	-	(188,370)	(95,934)
Provisions for liabilities and charges	-	(12,000)	-	(12,000)	-
	<u>202,276</u>	<u>17,250</u>	<u>1,557,463</u>	<u>1,776,989</u>	<u>-</u>

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**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>Year ended 31 August 2013 £</b>	<i>Period ended 31 August 2012 £</i>
Net incoming resources before revaluations	1,776,989	-
Depreciation of tangible fixed assets	224,103	-
Increase in debtors	(284,397)	(21,161)
Increase in creditors	92,436	95,934
Defined benefit pension liability - assumed on conversion	3,000	-
Defined benefit pension liability - pension cost less contributions payable	9,000	-
<b>Net cash inflow from operations</b>	<b>1,821,131</b>	<i>74,773</i>
	<b>Year ended 31 August 2013 £</b>	<i>Period ended 31 August 2012 £</i>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,781,566)	-

**19. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>1 September 2012 £</b>	<b>Cash flow £</b>	<b>Other non-cash changes £</b>	<b>31 August 2013 £</b>
Cash at bank and in hand	74,773	39,565	-	114,338
<b>Net funds</b>	<b>74,773</b>	<b>39,565</b>	<b>-</b>	<b>114,338</b>

**20. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund 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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS (continued)**

**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 into 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 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 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.

The last valuation of the TPS related to the period 1 April 2001 to 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 that 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 was 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, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**20. PENSION COMMITMENTS (continued)**

the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions 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 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 change 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 Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust 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 Trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £23,981, of which employer's contributions totalled £15,327 and employees' contributions totalled £8,655. The agreed contribution rates for future years are 10.3% for employers and employee contributions will be variable based on a sliding scale dependent on salary levels.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**20. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows

	<b>Year ended 31 August 2013 £</b>	<i>Period ended 31 August 2012 £</i>
Present value of funded obligations	(50,000)	-
Fair value of scheme assets	38,000	-
	<hr/>	<hr/>
Net liability	<b>(12,000)</b>	-
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows

	<b>Year ended 31 August 2013 £</b>	<i>Period ended 31 August 2012 £</i>
Interest Cost	1,000	-
Expected return on scheme assets	(1,000)	-
Current service cost	24,000	-
	<hr/>	<hr/>
Total	<b>24,000</b>	-
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	<b>3,000</b>	-
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of the defined benefit obligation were as follows

	<b>Year ended 31 August 2013 £</b>	<i>Period ended 31 August 2012 £</i>
Actuarial losses	2,000	-
Current service cost	24,000	-
Interest cost	1,000	-
Contributions by employees	9,000	-
Liabilities assumed on conversion	14,000	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>50,000</b>	-
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**20. PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy Trust's share of scheme assets

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Actuarial gain	2,000	-
Contributions by employer	15,000	-
Expected return on assets	1,000	-
Contributions by employees	9,000	-
Assets assumed on conversion	11,000	-
	<u>38,000</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £NIL (2012 - £NIL)

The Academy Trust expects to contribute £15,000 to its Defined benefit pension scheme in 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
Equities	42.40 %	- %
Government bonds	8.40 %	- %
Other bonds	11.20 %	- %
Property	8.70 %	- %
Cash/liquidity	4.10 %	- %
Other	25.20 %	- %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013
Discount rate for scheme liabilities	4.80 %
Expected return on scheme assets at 31 August	5.89 %
Rate of increase in salaries	4.25 %
Rate of increase for pensions in payment / inflation	2.50 %
Inflation assumption (CPI)	2.50 %

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

	2013	2012
Retiring today		
Males	22.1	
Females	24.8	
Retiring in 20 years		
Males	23.9	
Females	26.7	



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

Amounts for the current period are as follows

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(50,000)
Scheme assets	38,000
Deficit	<u>(12,000)</u>
Experience adjustments on scheme liabilities	(2,000)
Experience adjustments on scheme assets	<u>2,000</u>

**21. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a directors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.