

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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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 2014**

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**Directors**

G Alexander  
J Allen  
J Farrell  
B Mabey, Vice Chair  
M McCrohon  
J Norbury (resigned 31 August 2014)  
C Quinn, Chair  
M Rooney  
M Wilkie (resigned 6 February 2014)  
N Conroy (appointed 1 April 2014)  
J Tongue (appointed 1 April 2014)  
L Clark (resigned 6 February 2014)  
S Turney (resigned 6 February 2014)  
H Barber (resigned 5 February 2014)  
M Baldwin (appointed 1 October 2014)  
S Wheatley (appointed 1 November 2014)

**Local Governing Body**

N Conroy  
D Hughes  
S Hunter  
A Khan  
J Saunders, Chair  
J Trafford, Vice Chair  
J Teague  
C Allen-Smith  
M Baldwin

**Members**

C Quinn  
B Mabey  
M Rooney

**Company registered number**

07665550

**Principal and registered office**

EBN Academy  
Coventry road  
Yardley  
Birmingham  
West Midlands  
B8 2AS

**Chief executive officer**

Marie Rooney

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Administrative details (continued)**

**Senior management team**

M Baldwin, Principal  
L Thomas, Vice Principal  
K Sarabadu, Curriculum Leader for English  
K Shearer, Curriculum Leader for Maths  
S Hunter, Curriculum Leader for Science  
S Wheatley, Trust Business and Finance Manager

**Independent auditor**

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

**Bankers**

HSBC  
34 Poplar Road  
Solihull  
West Midlands  
B91 3AF

**Solicitors**

Browne Jacobson LLP  
Victoria Square House  
Victoria Square  
Birmingham  
B2 4BU

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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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 (the Trust) for the year ended 31 August 2014. The Directors confirm that the Annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the 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 Trust. The Charitable Company was incorporated on the 10 June 2011.

The Directors act as the Trustees for the charitable activities of EBN Trust and are also the Directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as EBN Trust and includes the activities of EBN Academy. The Directors have appointed a Local Governing Body that acts as the Governing body of EBN Academy.

Details of the Directors and Governors who served the EBN Trust and EBN Academy throughout 2013/14 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.

### **PRINCIPAL ACTIVITIES**

EBN Academy is a 13-16 alternative provision Free school. The Academy had its first Ofsted in May 2014 and was judged a "Good" school in all categories.

The object of EBN Trust 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 has been elected for 4 year terms. Where vacancies arise, through the completion of term or by the resignation of a serving Director, 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 Director is 4 years, although this time limit does not apply to the Principal or the Chief Executive Officer.

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**EBN TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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

The Trust is a member of the National Governors Association (NGA) 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 (whom 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 Trust nurtures the talents of its entire staff to support continual improvement and excellence.

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

The Principal, Vice Principal, Business Manager and senior leadership group manage the EBN 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 Chief Executive Officer, (The Accounting Officer), the Principal, 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 sub-committees of the Local Governing Body are the Leadership Sub-Committee and the Pupil Matters sub-committee.

Groups of Governors may be formally or informally organised outside of the sub-committee structure to support the Trust 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)

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**EBN TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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 has implemented a number of systems to assess and reduce risks that the Trust 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 Trust continues to strive towards improving its systems of internal control as described in the Governance Statement.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

EBN Trust is part of Ninestiles Plus Teaching School Alliance. The Trust 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 the Trust.

**DIRECTORS AND GOVERNORS INDEMNITIES**

During the year, an indemnity from the Charitable Company was available to the Directors and Governors 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.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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 Trust's strategic aims through the Trust's Balanced Score Card. These aims are monitored closely by the Board of Directors by way of the Chief Executive Officer, Principal and through the work of the Local Governing Body and the sub committees, each of which are led by Chief Executive Officer and the Principal.

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

*EBN Trust 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 Trust for the forthcoming year are:

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 Trust;
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 Trust 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;
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 Trust;
11. To ensure that the Trust'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;
14. To embed the PiXL methodology for closing the gap in all subject areas;
15. To ensure accuracy of all assessment grades to ensure all predictions have high levels of confidence;
16. To improve the quality of SENCO provision to ensure that all students additional needs are met.



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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Key Objectives for the forthcoming year are:

1. A minimum of 8% of students achieving 5 A\*- C including English and Maths
2. At least 40% of students achieving 5A\*- G including English and Maths
3. 75% 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**

The Directors confirm that in their capacity as Trustees of the Charitable Company, in setting the objectives of the Trust, they have had due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

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**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

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

An Ofsted inspection was carried out in May 2014 and judged Good in all categories.

There were 67 students on roll on 31st August 2014.

The Trust 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.

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

**Table 1 Summary of GCSE examination results**

Overall (33 Students)

5 A\*-C 6%

5 A\*-C 3% (including English and Maths)

5 A\*-G 42%

5 A\*-G 42% (including English and Maths)

1 A\*-G 85%

**KEY PERFORMANCE INDICATORS**

The Trust uses a number of key performance indicators. In addition to the key financial performance indicators noted below, the Trust also uses a number of non financial performance indicators as described within the Objectives, Strategies and Activities section previously.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against the General Annual Grant (GAG).

As funding is based on pupil numbers this is also a key performance indicator. Student numbers for 2013/14 were 90 which is expected to remain consistent in 2014/15.

Another key financial performance indicator is staffing costs as a percentage of income. For 2013/14 this was 66.1% compared to a budget of 75.3%.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board of Directors has a comprehensive risk management process to identify and monitor risks facing the Trust. The principle 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.

### **FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

### **GOING CONCERN**

After consideration of the Trust's financial position, its financial plans, (including projected students numbers), the demand for places and the broader environment, the Board of Directors has a reasonable expectation that the Trust has, and will continue to have adequate resources to enable it to be a sustainable going concern in 2014/15 and for the foreseeable future. For this reason the Trust 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.

### **FUTURE DEVELOPMENTS**

EBN Trust 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 EBN Trust aims to develop the curriculum to be deliver progress 8 with the introduction of Citizenship and Geography as curriculum areas.

The Trust 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.

Next year EBN Trust will become a Multi Academy Trust as it opens EBN Phase 2 which will have a vocational focus on motor vehicles.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **INVESTMENT POLICY**

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

### **RESERVES POLICY**

The Board of Directors reviews the reserve levels of the Trust at least termly. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The Board of Directors takes into consideration the future plans of the Trust, the Academy and the uncertainty over future income streams and other key risks identified during the risk review.

### **FINANCIAL REVIEW**

The Trust received income into its unrestricted fund, restricted general funds and fixed assets fund during 2013/14.

#### **Unrestricted Funds**

Income received into the Unrestricted Fund was £984,351 (2013: £458,895). The majority of this income was received through commissioner led funding from the East Birmingham Network Partnership of Schools in meeting the additional cost of providing alternative education that was not funded through GAG.

Expenditure against the fund was £861,612 (2013: £302).

There is an Unrestricted Fund carry forward of £511,011 (2013: £202,276), after transfers between funds and the prior year adjustment, at the year end.

#### **Restricted General Fund**

The majority of the Trust's restricted income was received through the GAG and start up grants, the use of which is restricted to the Trust's charitable activities, its educational operations. The sum total of this funding was £919,082 (2013: £312,254). Expenditure against the fund was £1,212,369 (2013: £708,097).

Some of the shortfall of income in the year has been supplemented by the £93,899 transfer from unrestricted funds with the remainder being funded from brought forward reserves.

There is a Restricted Fund carry forward of £222,222 (2013: £17,250), after transfers between funds and the prior year adjustment, 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 Trust's depreciation policy.

The SOFA details a £1,386,943 (2013: £1,557,463) Restricted Fixed Asset Fund year end surplus after transfers between funds.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**SUMMARY OF FINANCIAL PERFORMANCE**

Total fund balance as at 31st August 2014 was £2,120,176 (2013: £2,456,884 as restated) comprising surpluses of £511,011, £222,222, and £1,386,943 in Unrestricted, Restricted General and Restricted Fixed Assets Funds respectively.

An adjustment has also been made to recognise income that was receivable in the prior year which has increased the brought forward reserves as at 31 August 2013 by £680,000. The effect of this adjustment can be seen on page 20 and is explained in detail in note 16.

**BALANCE SHEET**

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

The net book value of the Trust's tangible fixed assets was £1,386,943 at 31st August 2014.

Cash in hand at 31st August 2014 was £209,524.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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 as of August 2014 was £149,265.

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**

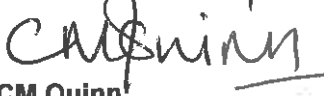
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

**AUDITOR**

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

This report, incorporating the Strategic Report, was approved by order of the Board of Directors on 18 December 2014 and signed on it's behalf by:

  
CM Quinn  
Chair

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**EBN TRUST**  
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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 Directors have delegated the day-to-day responsibility to the Chief Executive Officer, 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 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 Directors' responsibilities statement. The Board of Directors has formally met 10 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
G Alexander	7	10
J Allen	9	10
B Mabey, Vice Chair	10	10
M McCrohon	10	10
J Norbury	10	10
C Quinn, Chair	10	10
M Rooney	9	10
M Wilkie	3	5
N Conroy	3	3
J Tongue	3	3
L Clark	0	5
S Turney	0	5
H Barber	0	5
M Baldwin	0	0
J Farrell	7	10
S Wheatley	0	0

**Governance reviews:**

The Board of Directors intend to undertake a self evaluation review to assess their effectiveness at governing the Trust within the next twelve months.

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**GOVERNANCE STATEMENT (continued)**

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The Local Governing Body

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
D Hughes	4	5
S Hunter	4	5
A Khan	3	5
D Maher	1	3
J Norbury	5	5
M Rooney	3	5
J Saunders	5	5
J Trafford	5	5
J Teague	5	5
C Allen-Smith	3	5
M Baldwin	0	0
N Conroy	2	5

The Leadership Committee is a sub-committee of the main Board of Directors. 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
J Trafford	3	3
A Khan	0	3
D Maher	1	1
J Norbury	3	3
M Rooney	3	3
D Hughes	2	3

#### **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 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 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements and there is a plan in place to address weaknesses in those systems during the next academic year.

#### **CAPACITY TO HANDLE RISK**

The Board of Directors has reviewed the key risks to which the Trust 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 Trust's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

The 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 ;
- regular reviews by the Directors 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 Board of Directors has considered the need for a specific internal audit function and has decided to appoint Janice Murphy, a consultant, as internal auditor.

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

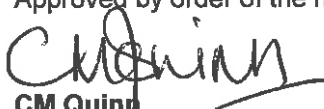
**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Chief Executive Officer 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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 Board of Directors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the on 18 December 2014 and signed on its behalf, by:

  
CM Quinn  
Chair

M Rooney  
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 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 Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Trust are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook (2013).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Trust and EFA.



**M Rooney**  
**Accounting Officer**

Date: 18 December 2014



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**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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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 (including the Strategic 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 Board of Directors of the Trust on ~~18 December~~ 2014 and signed on its behalf by:



**CM Quinn**  
**Chair**

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

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**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF EBN TRUST**

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We have audited the financial statements of EBN Trust for the year ended 31 August 2014 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 to 2014 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company 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 directors of the charitable company 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 Financial Reporting Council'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 charitable company'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, incorporating the Strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 August 2014 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 to 2014 issued by the Education Funding Agency.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS 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, incorporating the Strategic 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**

Statutory Auditor

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

Date: 19 December 2014

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

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**INDEPENDENT REPORTING ACCOUNTANT'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 14 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 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 ACCOUNTANT**

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 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by 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.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy and specific transactions identified from our review.

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

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**INDEPENDENT REPORTING ACCOUNTANT'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 2013 to 31 August 2014 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*  
Crowe Clark Whitehill LLP

Statutory Auditor

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

Date: 19-12-14

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)  
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted general funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	As restated Total funds 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	-	-	-	-	1,300,972
Activities for generating funds	3	507	-	-	507	27,842
Incoming resources from charitable activities	4	983,844	919,082	70,205	1,973,131	2,060,572
<b>TOTAL INCOMING RESOURCES</b>		<b>984,351</b>	<b>919,082</b>	<b>70,205</b>	<b>1,973,638</b>	<b>3,389,386</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		861,612	1,165,686	250,365	2,277,663	914,509
Governance costs	8	-	46,683	-	46,683	17,993
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>861,612</b>	<b>1,212,369</b>	<b>250,365</b>	<b>2,324,346</b>	<b>932,502</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		122,739	(293,287)	(180,160)	(350,708)	2,456,884
Transfers between Funds	17	(93,899)	84,259	9,640	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>						
		28,840	(209,028)	(170,520)	(350,708)	2,456,884
Actuarial gains and losses on defined benefit pension schemes		-	14,000	-	14,000	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>						
		28,840	(195,028)	(170,520)	(336,708)	2,456,884
<i>Total funds at 1 September 2013</i>		202,276	17,250	1,557,463	1,776,989	-
Prior year adjustment (Note 16)		279,895	400,000	-	679,895	-
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>511,011</b>	<b>222,222</b>	<b>1,386,943</b>	<b>2,120,176</b>	<b>2,456,884</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 23 to 41 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

		2014		As restated 2013	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13		1,386,943		1,557,463
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	14	180,555		222,222	
Debtors: amounts falling due within one year	14	694,419		763,231	
Cash at bank and in hand		209,524		114,338	
			1,084,498		1,099,791
<b>CREDITORS: amounts falling due within one year</b>	15	<b>(339,265)</b>		<b>(188,370)</b>	
<b>NET CURRENT ASSETS</b>			<b>745,233</b>		<b>911,421</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,132,176</b>		<b>2,468,884</b>
Defined benefit pension scheme liability	22		(12,000)		(12,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<b>2,120,176</b>		<b>2,456,884</b>
<b>FUNDS OF THE TRUST</b>					
Restricted general funds:					
Restricted general funds	17	234,222		429,250	
Restricted fixed asset funds	17	1,386,943		1,557,463	
Restricted funds excluding pension liability		1,621,165		1,986,713	
Pension reserve		(12,000)		(12,000)	
Total restricted funds			<b>1,609,165</b>		<b>1,974,713</b>
Unrestricted funds	17		<b>511,011</b>		<b>482,171</b>
<b>TOTAL FUNDS</b>			<b>2,120,176</b>		<b>2,456,884</b>

The financial statements were approved by the Directors, and authorised for issue, on 18 December 2014 and are signed on their behalf, by:

  
**CM Quinn**  
**Chair**

The notes on pages 23 to 41 form part of these financial statements.

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

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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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	<b>Note</b>	<b>2014</b> <b>£</b>	<i>As restated</i> <b>2013</b> <b>£</b>
Net cash flow from operating activities	19	<b>104,826</b>	<i>1,046,927</i>
Capital expenditure and financial investment	20	<b>(9,640)</b>	<i>(1,007,362)</i>
<b>INCREASE IN CASH IN THE YEAR</b>		<b>95,186</b>	<i>39,565</i>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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	<b>2014</b> <b>£</b>	<i>As restated</i> <b>2013</b> <b>£</b>
Increase in cash in the year	<b>95,186</b>	<i>39,565</i>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>95,186</b>	<i>39,565</i>
Net funds at 1 September 2013 (as restated)	<b>114,338</b>	<i>74,773</i>
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>209,524</b>	<i>114,338</i>

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The notes on pages 23 to 41 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 2014**

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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 and in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by the EFA, applicable accounting standards and the Companies Act 2006.

Certain comparative figures have been restated to retain comparability with the current year's analysis of certain income and expenditure.

**1.2 Company status**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders 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.

**1.5 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the Academy Trust being notified of an impending distribution or the legacy being received.

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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 2014**

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**1. ACCOUNTING POLICIES (continued)**

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 Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the 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 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**

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 Trust's educational operations.

Governance costs include the costs attributable to the 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 2014**

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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 Trust 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 2014**

**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 22, 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 2014 £</b>	<b>Restricted general funds 2014 £</b>	<b>Total funds 2014 £</b>	<i>As restated Total funds 2013 £</i>
Donations (including donated services and gifts in kind)	-	-	-	1,020,754
Surplus transferred from East Birmingham Network	-	-	-	279,895
Similar incoming resources	-	-	-	323
	<hr/>	<hr/>	<hr/>	<hr/>
Other income	-	-	-	1,300,972
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted general funds 2014 £	Total funds 2014 £	Total funds 2013 £
EBN Network salary contributions	-	-	-	21,642
Maths session income	-	-	-	6,200
Other income	507	-	507	-
	<u>507</u>	<u>-</u>	<u>507</u>	<u>27,842</u>

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

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	As restated Total funds 2013 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	651,387	651,387	180,683
Start up Grants	-	52,157	52,157	131,571
Capital Grants	-	70,205	70,205	774,204
Other DfE/EFA Grants	-	191,388	191,388	98,792
	<u>-</u>	<u>965,137</u>	<u>965,137</u>	<u>1,185,250</u>
<b>Local Authority grants</b>				
Other grants	500	24,150	24,650	17,250
Contribution to alternative education	-	-	-	400,000
	<u>500</u>	<u>24,150</u>	<u>24,650</u>	<u>417,250</u>
<b>Other funding</b>				
Pupil led funding	983,344	-	983,344	458,072
	<u>983,344</u>	<u>-</u>	<u>983,344</u>	<u>458,072</u>
	<u>983,844</u>	<u>989,287</u>	<u>1,973,131</u>	<u>2,060,572</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**5. RESOURCES EXPENDED**

	<b>Staff costs</b>	<b>Non Pay Expenditure</b>		<b>Total</b>	<i>As restated</i>
		<b>Depreciation</b>	<b>Other costs</b>		<i>Total</i>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	£	£	£	£	£
Direct costs - Unrestricted	317,674	-	543,938	861,612	-
Direct costs - Restricted	579,535	250,365	199,777	1,029,677	594,633
Allocated support costs	200,682	-	185,692	386,374	319,876
<b>Charitable activities</b>	<b>1,097,891</b>	<b>250,365</b>	<b>929,407</b>	<b>2,277,663</b>	<b>914,509</b>
<b>Governance</b>	-	-	46,683	46,683	17,993
	<b>1,097,891</b>	<b>250,365</b>	<b>976,090</b>	<b>2,324,346</b>	<b>932,502</b>

**6. DIRECT COSTS**

	<b>Unrestricted</b>		<b>Restricted</b>		<b>Total</b>	<i>As restated</i>
					<b>2014</b>	<i>Total</i>
	£	£	£	£	£	£
Teaching and educational supplies	-	77,467	-	77,467	77,467	14,087
Technology costs	-	42,022	-	42,022	42,022	8,142
Examination fees	-	12,369	-	12,369	12,369	6,087
Staff development	-	31,300	-	31,300	31,300	6,067
Other direct costs	-	36,619	-	36,619	36,619	10,426
Alternative education costs	543,938	-	-	543,938	543,938	-
Wages and salaries	227,705	451,389	-	679,094	679,094	266,852
National insurance	40,064	57,498	-	97,562	97,562	24,359
Pension cost	49,905	70,648	-	120,553	120,553	34,510
Depreciation	-	250,365	-	250,365	250,365	224,103
	<b>861,612</b>	<b>1,029,677</b>	<b>1,029,677</b>	<b>1,891,289</b>	<b>1,891,289</b>	<b>594,633</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**7. SUPPORT COSTS**

	Restricted £	Total 2014 £	As restated Total 2013 £
Recruitment and support	43,205	43,205	180
Maintenance of premises and equipment	29,343	29,343	15,728
Cleaning	7,374	7,374	3,412
Rent and rates	16,818	16,818	52,394
Energy costs	31,396	31,396	3,343
Insurance	8,838	8,838	10,584
Bank interest and charges	17	17	469
Other support costs	48,701	48,701	26,783
Wages and salaries	164,630	164,630	175,765
National insurance	11,847	11,847	6,788
Pension cost	24,205	24,205	24,430
	<b>386,374</b>	<b>386,374</b>	<b>319,876</b>

**8. GOVERNANCE COSTS**

	Unrestricted 2014 £	Restricted 2014 £	Total funds 2014 £	As restated Total funds 2013 £
Auditors' remuneration	-	8,250	8,250	7,500
Auditors' non audit costs	-	5,715	5,715	6,350
Legal and professional	-	32,583	32,583	3,524
Trustees expenses reimbursed	-	135	135	619
	-	<b>46,683</b>	<b>46,683</b>	<b>17,993</b>

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

This is stated after charging:

	2014 £	As restated 2013 £
Depreciation of tangible fixed assets: - owned by the charity	250,365	224,103
Auditor's remuneration - audit of financial statements	8,250	7,500
Auditor's remuneration - other services	5,715	6,350
	<b>264,330</b>	<b>238,053</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	711,141	437,356
Social security costs	109,409	35,514
Other pension costs (Note 22)	144,758	58,940
	<u>965,308</u>	<u>531,810</u>
Supply teacher costs	2,630	2,570
Other Agency costs	129,953	895
	<u>1,097,891</u>	<u>535,275</u>

**b. Staff numbers**

The average number of persons employed by the Trust during the year expressed as full time equivalents was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Management	2	2
Teaching	16	5
Admin and support	7	8
	<u>25</u>	<u>15</u>

**c. Higher paid staff**

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	1	0
	<u>2</u>	<u>1</u>

During the year ended 31 August 2014, Teachers' Pension scheme contributions for the above members of staff amounted to £22,109 (2013 - £9,870).



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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
J Norbury, Principal	<b>80,000-85,000</b>	<i>75,000-80,000</i>
M Rooney, Chief Executive Officer	<b>95,000-100,000</b>	

During the year ended 31 August 2014, expenses totalling £135 (2013 - £619) were reimbursed to Directors.

M Rooney was paid through the East Birmingham Network of Schools during the previous year, a connected organisation. None of the East Birmingham Network transactions were included within these financial statements during the previous year.

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

In accordance with normal commercial practice the Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £303 (2013 - £302). The cost of this insurance is included in the total insurance cost.

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**13. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2013	1,000,000	677,021	104,545	1,781,566
Additions	-	1,182	78,663	79,845
At 31 August 2014	<u>1,000,000</u>	<u>678,203</u>	<u>183,208</u>	<u>1,861,411</u>
<b>Depreciation</b>				
At 1 September 2013	20,000	169,255	34,848	224,103
Charge for the year	20,000	169,296	61,069	250,365
At 31 August 2014	<u>40,000</u>	<u>338,551</u>	<u>95,917</u>	<u>474,468</u>
<b>Net book value</b>				
At 31 August 2014	<u>960,000</u>	<u>339,652</u>	<u>87,291</u>	<u>1,386,943</u>
At 31 August 2013	<u>980,000</u>	<u>507,766</u>	<u>69,697</u>	<u>1,557,463</u>

**14. DEBTORS**

	<b>2014</b>	<i>As restated</i>
	£	2013
		£
<b>Due after more than one year</b>		
Other debtors	<u>180,555</u>	<u>222,222</u>
<b>Due within one year</b>		
Trade debtors	374,419	-
Other debtors	152,672	330,413
Prepayments and accrued income	167,328	432,818
	<u>694,419</u>	<u>763,231</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. CREDITORS:**  
**Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	145,165	128,908
Other creditors	4,619	4,619
Accruals and deferred income	189,481	54,843
	<u>339,265</u>	<u>188,370</u>
		£
<b>Deferred income</b>		
Resources deferred during the year		<u>171,225</u>

Deferred income consists of financial contributions received in advance of the 2014/15 academic year.

**16. PRIOR YEAR ADJUSTMENT - FUNDAMENTAL ERROR**

The Trust has identified two instances during the year where income should have been recognised in the previous year's financial statements because the right to entitlement existed before 31 August 2013. As a result a prior year adjustment has been made to recognise the related income in the previous year. The amounts involved total £680,000 and the adjustment has had the effect of increasing brought forward unrestricted reserves by £280,000 and increasing restricted brought forward reserves by £400,000.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS**

	Brought Forward <i>As restated</i> £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Pupil led funding	201,755	981,389	(861,612)	(93,899)	-	227,633
EBN Network surplus	279,895	-	-	-	-	279,895
Other donations	521	2,962	-	-	-	3,483
	<u>482,171</u>	<u>984,351</u>	<u>(861,612)</u>	<u>(93,899)</u>	<u>-</u>	<u>511,011</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	12,000	651,387	(735,646)	84,259	-	12,000
Start up grants	-	52,157	(52,157)	-	-	-
Other EFA grants	-	191,388	(191,388)	-	-	-
Local authority - contribution	400,000	-	(177,778)	-	-	222,222
Local authority - other grants	17,250	24,150	(41,400)	-	-	-
Pension reserve	(12,000)	-	(14,000)	-	14,000	(12,000)
	<u>417,250</u>	<u>919,082</u>	<u>(1,212,369)</u>	<u>84,259</u>	<u>14,000</u>	<u>222,222</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	1,557,463	70,205	(250,365)	9,640	-	1,386,943
Total restricted funds	<u>1,974,713</u>	<u>989,287</u>	<u>(1,462,734)</u>	<u>93,899</u>	<u>14,000</u>	<u>1,609,165</u>
Total of funds	<u><u>2,456,884</u></u>	<u><u>1,973,638</u></u>	<u><u>(2,324,346)</u></u>	<u><u>-</u></u>	<u><u>14,000</u></u>	<u><u>2,120,176</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

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

**Restricted general fund**

The following grants relate to government funding for the provision of education by the the Academy and must be spent in line with the terms of the grants:

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

**Unrestricted fund**

Pupil led funding comprises income receivable from the East Birmingham Network of schools in respect of pupils who have been transferred to EBN Trust for alternative education.

**Restricted fixed asset fund**

Represents represents the carrying value of fixed assets that have either been donated under restriction or purchased from restricted grants.

**Transfers between funds**

Transfers represent expenditure on fixed assets from the restricted funds, and recurrent educational expenditure in excess of GAG and which is funded from unrestricted funds.

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 2014.

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

	<b>Unrestricted funds 2014 £</b>	<b>Restricted general funds 2014 £</b>	<b>Restricted fixed asset funds 2014 £</b>	<b>Total funds 2014 £</b>	<i>As restated Total funds 2013 £</i>
Tangible fixed assets	-	-	1,386,943	1,386,943	1,557,463
Debtors due after more than 1 year	-	180,555	-	180,555	-
Current assets	511,011	392,932	-	903,943	1,099,791
Creditors due within one year	-	(339,265)	-	(339,265)	(188,370)
Provisions for liabilities and charges	-	(12,000)	-	(12,000)	(12,000)
	<b>511,011</b>	<b>222,222</b>	<b>1,386,943</b>	<b>2,120,176</b>	<b>2,456,884</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014	As restated 2013
	£	£
Net incoming resources before revaluations	(350,708)	2,456,884
Depreciation of tangible fixed assets	250,365	224,103
Decrease in debtors	110,479	(964,292)
Increase in creditors	150,895	92,436
Defined benefit pension liability - assumed on conversion	-	3,000
Defined benefit pension liability - pension cost less contributions payable	14,000	9,000
Capital grant income	(70,205)	(774,204)
	<u>104,826</u>	<u>1,046,927</u>
<b>Net cash inflow from operations</b>	<b>104,826</b>	<b>1,046,927</b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014	As restated 2013
	£	£
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(79,845)	(1,781,566)
Capital grant income	70,205	774,204
	<u>(9,640)</u>	<u>(1,007,362)</u>
<b>Net cash outflow capital expenditure</b>	<b>(9,640)</b>	<b>(1,007,362)</b>

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

	1 September 2013	Cash flow	Other non-cash changes	31 August 2014
	£	£	£	£
Cash at bank and in hand:	114,338	95,186	-	209,524
<b>Net funds</b>	<b>114,338</b>	<b>95,186</b>	<b>-</b>	<b>209,524</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. PENSION COMMITMENTS**

The 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.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual 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**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the 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 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 2014 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 dependant 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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**22. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(82,000)	(50,000)
Fair value of scheme assets	70,000	38,000
	<u>(12,000)</u>	<u>(12,000)</u>
Net liability	<u>(12,000)</u>	<u>(12,000)</u>

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

	2014 £	2013 £
Interest Cost	4,000	1,000
Expected return on scheme assets	(3,000)	(1,000)
Current service cost	29,000	24,000
	<u>30,000</u>	<u>24,000</u>
Total	<u>30,000</u>	<u>24,000</u>
Actual return on scheme assets	<u>5,000</u>	<u>3,000</u>

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

	2014 £	2013 £
Opening defined benefit obligation	50,000	-
Contributions by scheme participants	10,000	9,000
Actuarial losses	(11,000)	2,000
Current service cost	29,000	24,000
Interest cost	4,000	1,000
Contributions by employees	-	-
Liabilities assumed on conversion	-	14,000
	<u>82,000</u>	<u>50,000</u>
Closing defined benefit obligation	<u>82,000</u>	<u>50,000</u>

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**22. PENSION COMMITMENTS (continued)**

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

	2014 £	2013 £
Opening fair value of scheme assets	38,000	-
Actuarial gain	3,000	2,000
Contributions by employer	16,000	15,000
Contributions by employees	10,000	9,000
Expected return on assets	3,000	1,000
Assets assumed on conversion	-	11,000
	<b>70,000</b>	<b>38,000</b>
	<b>70,000</b>	<b>38,000</b>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £14,000 (2013 - £NIL).

The Trust expects to contribute £17,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	45.00 %	42.40 %
Government bonds	7.90 %	8.40 %
Other bonds	10.30 %	11.20 %
Property	8.70 %	8.70 %
Cash/liquidity	4.40 %	4.10 %
Other	23.70 %	25.20 %

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

	2014	2013
Discount rate for scheme liabilities	4.40 %	4.80 %
Expected return on scheme assets at 31 August	5.88 %	5.89 %
Rate of increase in salaries	3.95 %	4.25 %
Rate of increase for pensions in payment / inflation	2.30 %	2.50 %
Inflation assumption (CPI)	2.30 %	2.50 %

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

	2014	2013
Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

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**22. PENSION COMMITMENTS (continued)**

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014 £
Defined benefit obligation	(82,000)
Scheme assets	70,000
Deficit	<u>(12,000)</u>
Experience adjustments on scheme liabilities	11,000
Experience adjustments on scheme assets	<u>3,000</u>

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.

**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. RELATED PARTY TRANSACTIONS**

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

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