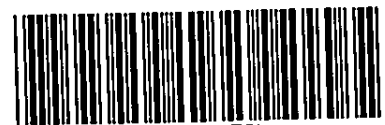


Company no 06526376

E-ACT
Report and Financial Statements
31 August 2011

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sayer vincent

consultants and auditors

E-ACT

Reference and administrative details

For the year ended 31 August 2011

Company number	06526376	
Registered office	2-6 Cannon Street London EC4M 6YH	
Operational address	Third Floor 10 Whitfield Street London W1T 2RE	
Principal staff	Director General Director of Finance Director of Law and Company Secretary	Sir Bruce Liddington Clive Medlam Christopher Balderstone
Directors	Dr Noorzaman Rashid Sir Bruce Liddington David Mallen Prof David Reynolds Shelia Scales Ben Green John Hall Dr Ann Limb Dr Stephen Perry Gerard McCormack Barry Bainbridge Jamal Dardouk	
Bankers	HSBC 60 Queen Victoria Street London EC4N 4TR	
Solicitors	Pinsent Masons LLP 30 Aylesbury Street London EC1R 0ER	
Auditors	Sayer Vincent Chartered accountants and statutory auditors 8 Angel Gate City Road London EC1V 2SJ	

E-ACT

Report of the Directors

For the year ended 31 August 2011

The Directors present their report and the audited financial statements for the year ended 31 August 2011

The financial statements have been prepared in accordance with the accounting policies on pages 19 to 21, and comply with the company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ("SORP 2005")

OBJECTIVES, ACTIVITIES & ACHIEVEMENTS

E-ACT is one of the leading education sponsors in the country, established to promote excellence in education and learning. Currently it is achieving benefit to the public by the opening and operating of academies and free schools across England as part of a major programme of investment in educational centres of excellence, which is also central to its charitable objects.

On 1 September 2011, E-ACT was responsible for 13 academies and a Free School. Further expansion, in accordance with the group's aims and objectives, is anticipated in 2012 and beyond.

Under the leadership of the Director General, Sir Bruce Liddington, and an experienced Board, E-ACT works in partnership with individual schools, their communities, local authorities and with all stakeholders who have an interest in education as part of the Government's Academies and Free Schools programmes.

In September 2011, E-ACT opened the first Free School in London, Aldborough E-ACT (Primary) Free School, to widespread acclaim. The school is very popular with parents and pupils and meets a need for further excellent state school places in the London Borough of Redbridge.

The focus of E-ACT is to support young people in achieving their true potential. We believe the better educated and more highly skilled people are, the better their life chances and the more likely they are to succeed in today's globalised world. E-ACT is committed to significantly improving students' ambitions, aspirations, learning, achievement and personal development, irrespective of their ability, gender, faith or race.

E-ACT is creating academies and Free Schools that are inclusive and provide for all students who will learn and develop together reflecting the multi-racial, multi-faith and multi-cultural nature of 21st Century Britain. E-ACT seeks to raise attainment, and in so doing, improve opportunities for young people. With eleven open academies at 31 August 2011, the group achieved a provisional average uplift in the benchmark result (5+ A*-C GCSEs including English and maths) of 10.18% since opening. Seven of the eleven academies have achieved near or above double the expected national average rate of improvement. Last year, E-ACT's average improvement was 9.25% compared with 2009, reflecting extremely positive ongoing progress.

Our growing stable of academies and schools gives the group the opportunity to benefit from the shared resources and the economies of scale derived from communal buying. E-ACT academies and schools support each other and work together on cross-cutting themes in pursuit of educational excellence.

The ethos and values of E-ACT support and develop a culture where students' individual faith and cultural requirements are recognised, respected and celebrated. E-ACT is committed to fostering the tolerance and respect for others which leads to greater community cohesion.

E-ACT

Report of the Directors

For the year ended 31 August 2011

E-ACT provides benefits to the public through its academies and by achieving the following objectives -

- to raise educational standards by adding value through innovation, specialisms and by creating new opportunities for students,
- to ensure high attainment and improved social mobility and inclusion,
- to provide an education where children become successful and confident adults who are sought after by employers,
- to provide a culturally inclusive ethos which values diversity, greater integration and community cohesion,
- to create awareness of environmental issues facing the world and to develop innovative projects in which young people can participate,
- to establish an endowment fund from which students and staff can benefit including scholarships for higher education and access to personal ICT resources and incentives for staff,
- to enable parents, carers and local communities to benefit from the facilities of each academy for education, training, health, fitness and recreation

The Board has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the company's aims and objectives and in planning future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

In September 2010, E-ACT opened the following academies -

- Dartmouth Academy
- The Oldham Academy North
- The Winsford E-ACT Academy

In September 2011, E-ACT opened -

- St Ursula's E-ACT Primary Academy
- The E-ACT Leeds East Academy
- Aldborough E-ACT Free School

With the acceleration of the academies and free schools programmes, E-ACT has opened three academies in January 2012, and more in April and September of this year.

E-ACT has built an experienced project management team to work on academy projects and plans to build on this capacity to work not just on its own projects but to use the skills and expertise within the organisation in the wider education environment.

The project capacity of the organisation has grown substantially in line with the range and number of new projects, and the acceleration of the academies and free schools programmes.

As a significant employer we continue to seek to attract and develop high quality leaders and staff who are committed to supporting E-ACT's long term plans.

E-ACT

Report of the Directors

For the year ended 31 August 2011

All staff are required to work to and deliver the Corporate Plan. This is achieved through a robust system of performance management in which employees are assessed on performance in delivering against tasks and activities that are in place to achieve the Corporate Plan objectives. The Corporate Plan is easily accessible to all those who work for E-ACT and underpins all other strategies. There are supplementary policies in place to involve employees in the affairs of the company including a whistle blowing policy which was recently rewritten and relaunched to staff. The use of ICT and i-link and the development of the intranet will further involve employees through improved communication between sites which are located throughout the country.

All E-ACT academies and head office staff are required to adhere to the Diversity & Equality Policy in their day to day working practices allowing equal access to employment opportunities, training and dignity at work. E-ACT ensures that its policies and practices are kept up to date in line with current legislation (Equality Act 2010) and that due regard is given to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

Our recruitment process for employment caters for disabled applicants and ensures that reasonable adjustments are made during this process as requested by the applicant. All E-ACT employees have access to an Occupational Health Service. Should an employee be disabled upon appointment or become disabled during the course of their employment then the advice of the Occupational Health Service will be sought with the objective of making any reasonable adjustments to ensure that the employee can remain in employment.

All staff with disabilities have equal access to training, career development and promotion of opportunities through our performance management scheme. Specific training or adjustments requested by disabled staff either to ensure that they can remain in employment or prepare for promotional opportunities.

Plans for the Future

E-ACT has significant development plans and within the next year the strategy is to grow to 30 academies and build an infrastructure to support these in future years.

In the year ended 31 August 2011, E-ACT Enterprises Limited was incorporated as a wholly owned subsidiary of E-ACT, with the objective of providing consultancy services to other organisations' within the education sector and applying its profits to the work of E-ACT. E-ACT Free Schools Trust, a company limited by guarantee and an exempt charity, was also established during the year to run the Aldborough E-ACT Free School and any future Free Schools promoted by E-ACT. A comprehensive corporate plan has been developed that incorporates activity within each of these E-ACT entities. Our strategy for years 2012-15 is laid out in this document and monitored regularly against ambitious benchmarks by both the senior management team and the E-ACT Board.

STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

E-ACT is a Company limited by guarantee and is an Exempt Charity, with its Memorandum and Articles of Association being its primary governing documents. E-ACT's principal activity is to establish, maintain, manage and develop schools, colleges and academies in Britain with a focus on inclusivity and educational excellence. Members and Directors during the year ended 31 August 2011 and to the date of this report are as set out below.

E-ACT

Report of the Directors

For the year ended 31 August 2011

Members

Noorzaman Rashid (Chairman), Sheila Scales, Ann Limb (appointed 13 October 2010)

Directors

Noorzaman Rashid (Chairman), Sir Bruce Liddington (Director General), David Mallen, Sheila Scales, David Reynolds, John Hall, Ben Green, Tom Peryer (resigned 23 September 2011), Stephen Perry, Ann Limb, Gerard McCormack, Barry Bainbridge (appointed 22 October 2010), Peter Fair (appointed 22 October 2010, resigned 12 November 2011) and Jarmal Dardouk (appointed 15 April 2011)

Member's Liability & Governor Indemnities

Each Member of the Company undertakes to contribute to the assets of the 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

Directors and Governors are covered by E-ACT's insurance policy with RSA (Zurich for Trent Valley Academy) for liability under the Directors and Officers section. Head office is covered at an indemnity limit of £5 million, and each academy at an indemnity limit of £2 million

Governance

The Board has continued to develop its systems to maintain strong governance of the organisation, meeting six times during the year to 31 August 2011. The Remuneration Committee (chaired by Noorzaman Rashid), Finance Committee (chaired by Stephen Perry) and Audit & Risk Committee (chaired by Gerard McCormack) meet regularly, in line with the financial/management cycle of E-ACT.

Three Directors joined the Board in the twelve months to 31 August, with one resignation in September 2011 and one in November 2011. The Board held six formal Board meetings in the period, as well as a Board strategy day (attended also by members of the executive team and a number of Academy Principals). The Corporate Plan for 2011 emerged from the topics covered on the strategy day. The cycle of business, as well as standing items, informs the meeting agendas.

E-ACT

Report of the Directors

For the year ended 31 August 2011

Strong governance arrangements extend into the academies "Shadow" governing bodies are created so that the governing body can be established immediately on academy opening on 1 September. These are populated by an E-ACT Chair and governors with the necessary skills and vision to support and challenge the Principal and senior leadership team of each new academy. The academy governing bodies and sub-committees meet regularly, have clear delegated authority and are required to carry on their activities as committees of the Board. Individual governors have additional responsibilities (as set out in the E-ACT Governor Handbook) as chairs of finance committees, responsible officers, safeguarding or special educational needs governors, health and safety governors and serving on committees for delivery of new buildings.

The Memorandum and Articles of Association provides for the appointment of one parent governor from the local governing bodies. After an election one parent governor has been appointed as a Director. Directors generally serve for 4 years and may be reappointed.

E-ACT have reviewed the Institute of Chartered Secretaries (ICSA) Guidance Note and adapted best practice for its own needs. This guidance provides sufficient detail to enable governance arrangements to be put in place and is used as the basis of training for governors.

E-ACT undertakes a periodic review of governance arrangements as it evolves, and where appropriate, amends policies, procedures, and its governing document to ensure that they remain fit for purpose and are structured in the most effective way to meet the charity's objects. The effectiveness of the Directors (and the Board as a whole) is subject to annual appraisal.

Academies and academy proprietors (otherwise known as Academy Trusts or Academy Companies) have, from 1 August 2011, become 'Exempt Charities'. Exempt Charities are exempt from Charity Commission supervision (The Charities Act 1993). These charities cannot register with the Charity Commission and are outside their monitoring and investigative power, but they have the same status and tax benefits as other charities in England and Wales and must comply with general Charity Law. They are subject to the jurisdiction of the Courts and can ask the Charity Commission to exercise their support powers when necessary, for example, to authorise an action not otherwise allowed by their governing document.

The principal regulator is the Department for Education (DfE), assisted by the Young People's Learning Agency (YPLA) until March 2012 when that body is replaced by the Education Funding Agency (EFA). For exempt charities under the principal regulator regime there will be little, if any, noticeable impact on a day-to-day basis. They will continue, as now, under their existing regulatory regime, albeit with their regulator also promoting charity law compliance.

The Charity Commission is currently developing memoranda of understanding to formalise the details of the relationship between all principal regulators and the Commission. It is also setting up a Committee of Principal Regulators which will meet annually to share best practice. The intention is that these changes will ensure that Academies are regulated appropriately and effectively as charities but through existing oversight mechanisms to ensure that regulation is proportionate and avoids duplication.

Management

Operational management of E-ACT is delegated by the Board to Sir Bruce Liddington, the Director General. He is the Accounting Officer for E-ACT, and delegates this responsibility to Principals at academy level. In the past 12 months, the Board has approved a scheme of delegation clarifying the delegation of authority.

E-ACT

Report of the Directors

For the year ended 31 August 2011

Risk Management

The Directors are responsible for identifying the risks faced by E-ACT, establishing procedures to manage these risks, and ensuring that employees are aware of those procedures and of the implications of failing to implement them. They also delegate the day to day risk management of each of E-ACT's academies to their Local Governing Bodies. Risk management processes and practices are regularly reviewed at each academy and by the Audit & Risk Committee, which reports regularly to the Board of Directors.

The principal risks and uncertainties facing E-ACT include the long term business dependency on DfE grant income, reductions in budgets for management of new academy and Free School projects, lack of capital funding, coupled with a lack of long term building maintenance funds.

In order to mitigate these principal risks E-ACT is exploring wider business and income generation models through E-ACT Enterprises and other sources, developing capital services and advice for schools to buy in and exploring wider partnerships and strategic business arrangements.

E-ACT is developing a more flexible Programmes team model for the delivery of project management for our own projects and reshaping the Programmes team to enable regional responses, lessons learned approaches, and consistent deployment of cost effective teams.

The Programmes Team continues to explore opportunities for the provision of joint funding, capital development, project management and technical advice services which Academies and Head Office can access in a cost effective way.

An interim adviser has carried out a review of risk approaches and established a Corporate Risk Group that tracks risk, and recommends solutions and reports to the Audit & Risk Committee, with representation from across the academies network. Terms of reference have been agreed and the first meeting has been held, with the next meeting in February 2012.

The risk group's primary role is to avoid bureaucracy and support SMT in informing, reviewing, monitoring and advising upon the management of risk with the company.

Insurance cover is maintained to provide against any significant financial risk across E-ACT. A group-wide Health & Safety Policy has been introduced for head office and each academy in the period.

FINANCIAL REVIEW

Going Concern

E-ACT's business activities, together with the factors likely to affect its future development, performance and position are set out below. The financial position of E-ACT, its cash flows, liquidity position and borrowing facilities are also described below.

In addition, the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. E-ACT has considerable financial resources together with long term contracts under the Master Funding Agreement with the Department for Education (DfE).

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Report of the Directors

For the year ended 31 August 2011

Consequently, the Directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Report for the Year

E-ACT's income is mainly derived from the DfE. This comes in the form of grants to fund each academy. In addition, E-ACT receives project management income to contribute to the cost of opening new academies. These grants and associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2011, total expenditure of £78m was covered by recurrent grant funding from the DfE and other income. The excess of expenditure over income for the year before transfers and the pension scheme actuarial movement was £0.2m. This deficit arises due to the cumulative results of the eleven individual academies.

Reserves Policy

The level of reserves takes into account the nature of income and expenditure streams, the need to match income to commitments and the nature of reserves. E-ACT academies are funded on a monthly basis by DfE grant funding, therefore the income fairly matches the expenditure for each academy, the majority of which relates to staff costs. From April 2011 a new Pupil Premium funding stream was commenced by the Government and initially paid for every child receiving free school meals, but which over a four year period will be extended into other areas and also quadruple in overall size. In developing multi-year financial forward plans there will be a need to assess contributions to and from reserves.

Academies can build revenue reserves from DfE recurrent revenue grants up to 2% cumulatively, plus a further 10% cumulatively for capital purposes. However, it is not anticipated that E-ACT academies will generate significant capital surpluses. Start Up grants can be carried forward for the period of years that the grant is paid. Pupil Premium can be carried forward similarly.

E-ACT reserves are, in the main, restricted because the principle of public money applies. However, the generation of 'free reserves' is required in order to generate unrestricted funds to further support the objectives of the organisation.

Financial Position

At 31 August 2011, E-ACT's financial position showed a deficit balance of £2.230m. However, this consists of the larger Local Government Pension Scheme deficit of £7.594m and accumulated surpluses of £5.364m, principally in restricted funds.

The accounts have been prepared on a going concern basis, but there is a deficit resulting from the Local Government Pension Funds, which the Financial Reporting Standard (FRS) requires be shown as a liability on the balance sheet. If this liability exceeds the Company's assets it does not mean that the Company is trading whilst insolvent because the deficit is being reduced by the contributions made, using the grant payable to the company. This position is the same for every academy in the country.

E-ACT

Report of the Directors

For the year ended 31 August 2011

Income and expenditure have risen significantly each year as the number of open academies has grown from one in 2008/09, to eight in 2009/10, and eleven in 2010/11. A further three opened in September 2011, and a further three in January 2012, and based on signed Ministerial Statements of Interest there will be over twenty open academies by the start of the 2012/13 academic and financial year.

Future Funding

E-ACT academies' ability to undertake effective financial forward planning is dependent on DfE funding announcements. The December 2010 Settlement for 2011/12 saw a per pupil cash freeze in General Annual Grant (GAG), and significant per pupil funding reductions in the following areas – per pupil Local Authority Central Support Equivalent Grant (LACSEG), the mainstreaming of former specific grants, age 16-19 funding, and Bursary Grants. The only area of growth in revenue funding was Pupil Premium, which started being paid from April 2011.

Looking ahead, DfE has consulted on funding arrangements in 2012/13, having first expressed a preference to continue "per pupil" funding from 2011/12 and then deciding to continue with replication for sponsored academies. The rate of Pupil Premium funding in 2012/13 is doubling, and the announcement of this is a significant aid to academies' early consideration of 2012/13 budgets.

After 2012/13 it is likely that a National Funding Formula will be in place. Critical within this will be transitional arrangements for minimising any reductions in funding over a period of time before the revised formula fully bites.

The VAT status of academies changed with effect from April 2011, although this was not confirmed until July 2011. The administrative and budgetary effects of this change are being implemented into the organisations ongoing financial procedures.

Investment Policy

The Board, on the recommendation of the Finance Committee, approved a Treasury Management Policy on 22 October 2010 which is continuously under review in light of volatile banking markets.

Statement of Directors' responsibilities

The Directors (who are also trustees of E-ACT for the purposes of company law) are responsible for preparing the report of the Directors and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

E-ACT

Report of the Directors

For the year ended 31 August 2011

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Directors are responsible for keeping proper accounting records that 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 YPLA and DfE have been applied for the purposes intended.

In so far as the Directors are aware

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

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.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 August 2011 was 3 (4 at 31 August 2010). The Directors have no beneficial interest in the charity.

Auditors

The Audit & Risk Committee on 1 April 2011 made a recommendation to the Board to re-tender the external audit for 31 August 2012, on the basis of best practice. Sayer Vincent will be included in that process.

STATEMENT OF INTERNAL CONTROL

Scope of Responsibility

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

The Board has delegated day-to-day responsibility to the Director General as Accounting Officer, who in turn has delegated responsibility within each academy to the Principal, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned in the funding agreements with the Secretary of State for Education. The Director General and Principals are also responsible for reporting to the Board / Local Governing Body (LGB) any material weaknesses or breakdowns in internal control.

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Report of the Directors

For the year ended 31 August 2011

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 E-ACT 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 for the year ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board has reviewed the key risks to which E-ACT is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing significant risks that has been in place for the year ended 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The Risk & Control Framework

The system of internal financial control includes -

- a Finance Manual & Governors Handbook issued by head office to all academies,
- a Procurement Policy approved by the Board, which includes thresholds for approving purchase orders and seeking of competitive quotations and tenders,
- the respective responsibilities of the head office and academy finance teams are spelt out in a letter from the Director General to all academies,
- academy Finance Directors, from September 2011, being required to complete and sign a month-end certificate to confirm all ledger posting and control account reconciliations have been completed,
- a single bank account for the whole of E-ACT, with the authority for releasing payments resting with head office, and academies are required to send all invoices over £6,000 to head office for scrutiny before payments are released,
- all academies having a Responsible Officer who reviews a sample of transactions and reports to the LGB at least termly on their findings,
- academy Finance Directors submitting a budget monitoring report to every meeting of their Finance & Assets Committee,
- academies being required to construct financial forward plans, which are considered by the LGB at the same time that they approve their annual budget,
- the YPLA Financial Management & Governance self-assessment.

The Audit & Risk Committee has reviewed the extent of work conducted by Responsible Officers over the past year and is now working to set a minimum standard and specification for all academies. Consideration of whether to institute an internal audit function has been deferred until the YPLA has determined its guidance in this area, guidance which has been awaited for most of 2011. The Responsible Officer's role at each academy includes giving advice on financial matters and performing a range of checks on the financial systems, by way of a report at least once a term to the Local Governing Body.

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Report of the Directors

For the year ended 31 August 2011

Review of Effectiveness

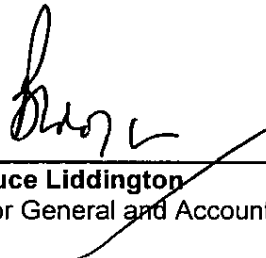
As Accounting Officer, the Director General has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by -

- the work of Responsible Officers,
- the work of the Audit & Risk Committee,
- the Financial Management & Governance Self Assessment process,
- the work of academy Principals who have responsibility for the development and maintenance of the internal control framework at a local level

Approved by order of the members of the Board on 20 January 2012, and signed on its behalf by -



Noorzaman Rashid
Chairman



Sir Bruce Liddington
Director General and Accounting Officer

Independent auditors' report

To the members of

E-ACT

We have audited the financial statements of E-ACT for the year ended 31 August 2011 which comprise the statement of financial activities, balance sheet, cash flow statement, principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Annual Accounts Direction 2010/11 issued by the YPLA and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement Directors' responsibilities set out in the report of the Directors, the Directors (who are also the trustees of the charitable company for the purposes of charity 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 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 report of the Directors 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 charitable company's affairs as at 31 August 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993, and
- have been prepared in accordance with the Annual Accounts Direction 2010/11 issued by the YPLA.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

To the members of

E-ACT

Opinion on other matters prescribed by the YPLA Accounts Direction 2010/11

In our opinion grants received from the YPLA and DfE have been applied for the purposes intended

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 and the Charities Act 1993 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 Elliott (Senior statutory auditor)

13 February 2012

for and on behalf of Sayer Vincent, Statutory Auditors

8 Angel Gate, City Road, LONDON EC1V 2SJ

Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

E-ACT

Statement of Financial Activities (incorporating an Income and Expenditure Account)

For the year ended 31 August 2011

	Note	Restricted General £'000	Restricted Fixed Asset Funds £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	2	-	-	87	87	47
Activities for generating funds	3	-	-	206	206	134
Investment Income	4	-	-	25	25	11
<i>Incoming resources from charitable activities</i>						
Funding for educational operations	5	74,967	-	2,029	76,996	58,551
Total incoming resources		<u>74,967</u>	<u>-</u>	<u>2,347</u>	<u>77,314</u>	<u>58,743</u>
Resources expended						
<i>Cost of generating funds</i>	7	-	-	154	154	-
<i>Charitable activities</i>						
Expenditure on educational operations	7	74,991	476	1,950	77,417	55,625
<i>Governance costs</i>	8	114	-	45	159	156
Total resources expended	6	<u>75,105</u>	<u>476</u>	<u>2,149</u>	<u>77,730</u>	<u>55,781</u>
Net incoming/(outgoing) resources before other recognised gains and losses						
	9	(138)	(476)	198	(416)	2,962
Pension deficit acquired on transfer in of academies	18	(1,705)	-	-	(1,705)	(6,579)
Actuarial gains/(losses) on defined benefit pension schemes	18	2,593	-	-	2,593	(740)
Net movement in funds		<u>750</u>	<u>(476)</u>	<u>198</u>	<u>472</u>	<u>(4,357)</u>
Total funds brought forward		<u>(3,856)</u>	<u>1,081</u>	<u>73</u>	<u>(2,702)</u>	<u>1,655</u>
Total funds carried forward		<u>(3,106)</u>	<u>605</u>	<u>271</u>	<u>(2,230)</u>	<u>(2,702)</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

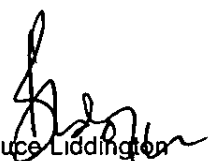
E-ACT

Company no. 06526376

Balance sheet**As at 31 August 2011**

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible fixed assets	12	<u>2,341</u>	<u>3,046</u>
		<u>2,341</u>	<u>3,046</u>
Current assets			
Debtors	14	<u>2,579</u>	<u>2,684</u>
Cash at bank and in hand		<u>8,889</u>	<u>4,746</u>
		<u>11,468</u>	<u>7,430</u>
Current liabilities			
Creditors amounts due within one year	15	<u>8,445</u>	<u>5,357</u>
Net current assets		<u>3,023</u>	<u>2,073</u>
Net assets excluding pension liabilities		<u>5,364</u>	<u>5,119</u>
Pension scheme liabilities	18	<u>(7,594)</u>	<u>(7,821)</u>
Net liabilities including pension liabilities	17	<u>(2,230)</u>	<u>(2,702)</u>
Funds			
Restricted funds in surplus			
Restricted fixed asset fund	16	<u>605</u>	<u>1,081</u>
Restricted general fund - DfE/YPLA revenue funding	16	<u>4,488</u>	<u>3,965</u>
Restricted funds in deficit			
Pension reserve	18	<u>(7,594)</u>	<u>(7,821)</u>
Unrestricted funds			
General funds	16	<u>271</u>	<u>73</u>
Total funds		<u>(2,230)</u>	<u>(2,702)</u>

Approved by the directors on 20 January 2012 and signed on their behalf by



Sir Bruce Liddington
Director General and Accounting Officer

E-ACT**Cash flow statement****For the year ended 31 August 2011**

	2011 £'000	2010 £'000
Operating activities		
Receipts		
Recurrent grants received from DfE/YPLA		
General Annual Grant (GAG)	67,675	47,079
Other grants	4,447	4,124
Other receipts from the DfE/YPLA	1,871	2,790
Other Government receipts	4,627	4,897
Donated services	88	47
Other receipts	1,078	1,798
	<u>79,786</u>	<u>60,735</u>
Payments		
Staff costs	(56,572)	(39,187)
Other cash payments	(18,493)	(16,362)
	<u>(75,065)</u>	<u>(55,549)</u>
Net cash inflow from operating activities	<u>4,721</u>	<u>5,186</u>
Returns on investments and servicing of finance		
Interest received	25	11
	<u>25</u>	<u>11</u>
Capital (expenditure)/income		
Purchase of tangible fixed assets	(603)	(1,435)
	<u>(603)</u>	<u>(1,435)</u>
Management of liquid resources and financing		
Increase in cash	<u>4,143</u>	<u>3,762</u>

E-ACT

Cash flow statement

For the year ended 31 August 2011

	2011	2010
	£'000	£'000
Reconciliation of net cash flow to movement in net funds		
Increase in cash	<u>4,143</u>	<u>3,762</u>
	<u>4,143</u>	<u>3,762</u>
Change in net funds - this is analysed below		
Net funds at the beginning of the period	4,746	984
Net funds at the end of the period	<u>8,889</u>	<u>4,746</u>
	<u><u>4,143</u></u>	<u><u>3,762</u></u>

Note to the cash flow statement

Analysis of changes in net funds	At 31		At 31		At 31
	August	Cash flows	August	Cash flows	August
	2009		2010		2011
	£	£	£	£	£'000
Cash in hand and at bank	<u>984</u>	<u>3,762</u>	<u>4,746</u>	<u>4,143</u>	<u>8,889</u>
	<u><u>984</u></u>	<u><u>3,762</u></u>	<u><u>4,746</u></u>	<u><u>4,143</u></u>	<u><u>8,889</u></u>

E-ACT

Principal Accounting Policies

For the year ended 31 August 2011

Format of financial statements

The standard format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and reflects the activities of the company

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the SORP 2005 and in accordance with YPLA Accounting Direction 2010/11 Guidance

The financial statements have been prepared on a going concern basis, but there is a deficit resulting from the Local Government Pension Funds, which the Financial Reporting Standards (FRS) require be shown as a liability in the balance sheet

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet

Sponsorship income

Sponsorship income provided which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable

Donations

Donations are included in the statement of financial activities where they are assured with reasonable certainty and are receivable at the balance sheet date

Donated services and gifts in kind

The value of donated services and gifts in kind provided is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the charity in the period in which they are receivable, and where the benefit is both quantifiable and material

Interest receivable

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

Resources Expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

E-ACT

Principal Accounting Policies

For the year ended 31 August 2011

Allocation of costs

In accordance with the SORP 2005, expenditure has been analysed between the charity's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Costs relating to an individual academy are charged directly and cost of head office are apportioned across all academies based on an equal percentage of GAG income.

Governance costs

Governance costs include the costs attributable to the company's compliance with constitutional and statutory requirements, including external audit, legal costs associated with the governance of the company inclusive of board expenses and a proportion of staff costs and overheads.

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the company at the discretion of the Directors.

Restricted funds comprise of grants from the DfE/YPLA and other donors which are to be used for specific purposes as explained in note 16.

Tangible fixed assets

Tangible fixed assets acquired since the company was established are included in the accounts at cost.

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 lives. No depreciation is provided on freehold land. The principal useful lives for other assets are:

IT equipment	3-5 years
Fixtures and Fittings	3-5 years
Software	Life of the licence
Temporary Buildings	5-15 years

Assets costing more than £500 are capitalised. Items bought in bulk which individually cost less than £500 may be capitalised.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

E-ACT is an exempt charity and as such is exempt from income tax and corporation tax under the provisions of the Income and Corporation Taxes Act. The cost of irrecoverable VAT incurred by E-ACT has been included in the statement of financial activities.

E-ACT

Principal Accounting Policies

For the year ended 31 August 2011

Pensions

E-ACT staff are members of one of three pension schemes, two of which are defined benefit schemes

Defined benefit schemes

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the company has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 scheme and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the company in the period.

Local Government Pension Schemes

Non teaching members of academy staff are offered membership of the Local Government Pension Schemes (LGPS). The LGPSs are defined benefit pension schemes and are able to identify the company's share of assets and liabilities such that the requirements of FRS 17, Retirement Benefits, have been followed.

The company's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any net movements in the assets or liabilities between balance sheet dates is reflected in the statement of financial activities.

More details of these schemes are given in note 18.

Defined contribution scheme

Head office Pension Scheme

Head office employees have the option of joining a defined contribution scheme operated by Scottish Widows. The pension costs for the scheme represent the contributions payable by the Company in the period.

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

1 General annual grant (GAG)

Results and carry forward for the year

	2011 Total £'000	2010 Total £'000
GAG brought forward from previous year (excl Start up grants)	1,427	255
GAG allocation for current period - Other grants	<u>59,263</u>	<u>41,000</u>
Total GAG available to spend	60,690	41,255
Recurrent expenditure from GAG	(58,169)	(40,153)
Fixed assets purchased from GAG	<u>(144)</u>	<u>(1,197)</u>
GAG carried forward to next year	2,377	(95)
Comprising		
GAG Carry forward - Revenue	616	(675)
GAG Carry forward - Capital	<u>1,761</u>	<u>580</u>
GAG Total Carry Forward (excl Start up grants)	2,377	(95)
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(7,283)</u>	<u>(5,560)</u>
GAG to surrender to DfE	(4,906)	(5,655)
(12% rule breached if result is positive)	(no breach)	(no breach)

Use of GAG brought forward from previous year for recurrent purposes

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can be used for capital purposes)

Recurrent expenditure from GAG in current year	58,169	40,153
GAG allocation for current year	(59,263)	(41,000)
GAG allocation for previous year x 2%	<u>(820)</u>	<u>(126)</u>

GAG b/f from previous year in excess of 2%, used on recurrent expenditure in current year

(2% rule breached if result is positive)

<u>(1,914)</u>	<u>(973)</u>
(no breach)	(no breach)

2 Voluntary income

	Restricted £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
Donations and Donated Services	-	87	<u>87</u>	<u>47</u>
	-	87	<u>87</u>	<u>47</u>

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****3. Activities for generating funds**

	Restricted £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
Rental income	-	206	206	134
	-	206	206	134

4 Investment income

	Restricted £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
Interest receivable	-	25	25	11
	-	25	25	11

5. Funding for educational operations

	Restricted £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
DfE/YPLA grants				
General Annual Grant (GAG) (note 1)	59,263	-	59,263	41,000
Start Up grants	6,138	-	6,138	4,593
Project management grants	1,056	-	1,056	2,835
Other DfE/YPLA grants	4,123	-	4,123	4,448
	70,580	-	70,580	52,876
Other Government grants				
Local Authority/Other	4,387	-	4,387	3,465
	4,387	-	4,387	3,465
Other Income	-	2,029	2,029	2,210
Total income for educational operations	74,967	2,029	76,996	58,551

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

6 Resources Expended

	Staff Costs £'000	Depreciation £'000	Other Costs £'000	2011 Total £'000	2010 Total £'000
Academies' educational operations					
Direct Costs	54,806	-	4,636	59,442	40,256
Support Costs	-	1,193	12,436	13,629	9,848
Project management and other operations	2,550	115	1,835	4,500	5,521
Governance costs	97	-	62	159	156
	57,453	1,308	18,969	77,730	55,781

Analysis of total resources expended

	Restricted £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
7 Charitable activities- Educational operations				
Direct Costs				
Teaching and educational support staff costs	54,806	-	54,806	36,922
Educational Supplies	3,408	-	3,408	2,481
Examination Fees	1,152	-	1,152	853
Academy Support Costs				
Maintenance of premises and equipment	1,903	-	1,903	1,321
Technology costs	862	-	862	762
Other occupancy costs	2,782	-	2,782	1,714
Catering Costs	1,318	154	1,472	1,160
Legal and professional fees	1,904	-	1,904	1,136
Other supplies and services	4,782	-	4,782	3,755
Project management and other operations	2,550	1,950	4,500	5,521
	75,467	2,104	77,571	55,625

8 Governance costs

	Restricted £'000	Unrestricted £'000	2011 Total £'000	2010 Total £'000
Staff costs	57	40	97	90
Overheads	-	5	5	2
Legal and professional fees	15	-	15	19
Audit fees - prior year under accrual	6	-	6	13
- current year charge	36	-	36	32
	114	45	159	156

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

9 Net incoming/(outgoing) resources for the year

	2011 £'000	2010 £'000
This is stated after charging		
Depreciation	1,308	960
Operating lease rentals		
▪ property	54	-
▪ other	98	151
Auditors' remuneration		
▪ audit- prior year under-accrual	6	13
▪ audit- current year charge	36	32
▪ other services	20	12
Directors' remuneration	281	280
Directors' expenses	37	29

10 Staff costs and numbers

The average number of persons (including senior management team) employed during the year ended 31 August 2011 expressed as full time equivalents was as follows

	2011 No	2010 No
Charitable Activities		
Teachers	683	518
Administration and support	754	517
Management	89	74
	<u>1,526</u>	<u>1,109</u>

Staff costs comprise

	2011 £'000	2010 £'000
Wages and salaries	46,883	33,391
Social security costs	3,536	2,477
Other pension costs	6,095	3,419
Other staff costs	939	239
	<u>57,453</u>	<u>39,526</u>

One of the Directors is an employee of the company and that employee's remuneration is included in staff costs
Payments to other Directors are set out further on in this note

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

10 Staff costs and numbers (continued)

The total emoluments of the employees who earned over £60,000 are in the following ranges

	2011 No	2010 No
£60,001 - £70,000	20	21
£70,001 - £80,000	11	5
£80,001 - £90,000	1	1
£90,001 - £100,000	7	2
£100,001 - £110,000	5	9
£110,001 - £120,000	3	1
£130,001 - £140,000	1	-
£280,001 - £290,000	1	1
	49	40

37 of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme (2010 28) During the year ended 31 August 2011, pension contributions for these staff amounted to £366,941 (2010 £265,164) One of the above employees earning more than £60,000 per annum participated in the Local Government Pension Scheme During the year ended 31 August 2011, pension contributions for this staff member amounted to £8,779 12 of the above employees earning more than £60,000 per annum participated in the Scottish Widows' Pension Scheme During the year ended 31 August 2011, pension contributions for these staff amounted to £63,466 (2010 £48,681)

Included above is Sir Bruce Liddington, who as Director General was paid £280,816 (2010 £280,017) during the year and incurred total expenses of £16,707 (2010 £14,075) In addition £18,303 was paid by E-ACT in related pension costs during the year (2010 £13,329) He also took out a season ticket loan of £5,000 during the year (2010 £5,000) Of this £3,333 was outstanding at year-end (2010 £2,113)

David Mallen, a Director of E-ACT performed consultancy services for the company in the year for which he was paid £20,400 (2010 £34,800), and was reimbursed £2,508 (2010 £3,260) of expenses in connection with those services

David Reynolds, a Director of E-ACT performed consultancy services for the company in the year for which he was paid £27,500 (2010 £14,688), and was reimbursed £6,674 of expenses in connection with those services (2010 £3,263) He was also reimbursed £Nil for travel expenses relating to Board meetings (2010 £3,182)

John T Hall, a Director of E-ACT performed services for the company relating to Academy Local Governing Body meetings in the year for which he was paid £24,000 (2010 £12,000)

Tom Peryer, a Director of E-ACT performed services for the company relating to Academy Local Governing Body meetings in the year for which he was paid £28,200 (2010 £14,820), and was reimbursed £5,690 (2010 £2,830) of expenses in connection with those services He was also reimbursed £954 (2010 £788) for travel expenses relating to Board meetings

Barry Bainbridge, a Director of E-ACT performed consultancy services for the company in the year for which he was paid £4,800 (2010 £Nil), and was reimbursed £1,094 of expenses in connection with those services (2010 £Nil) He also performed services for the company relating to Academy Local Governing Body meetings in the year for which he was paid £8,311 (2010 £Nil), and was reimbursed £1,966 (2010 £Nil) for travel expenses

Peter Fair, a Director of E-ACT performed services for the company relating to Academy Local Governing Body meetings in the year for which he was paid £6,390 (2010 £Nil), and was reimbursed £417 of expenses in connection with those services (2010 £Nil)

The company incurred travel costs of £Nil (2010 £369) for the chairman, Noorzaman Rashid, for travel relating to company events in the year

Other Directors incurred expenses of £348 (2010 £1,474) in the course of their duties in the year The total number of Directors who incurred expenses during the year is 6 (2010 6) These expenses relate to travel in performing Director duties

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

11 Governors' and officers' insurance

In accordance with normal commercial practice E-ACT has purchased insurance to protect governors and officers from claims arising from negligent acts, error or omissions occurring whilst on Academy business. The insurance provides cover up to £5m Head Office, £2m Each Academy, on any one claim and the cost for the year ending 31 August 2011 was £15,360 (2010 £4,176)

12 Tangible fixed assets

	Temporary Buildings £'000	Furniture & equipment £'000	Computer equipment & software £'000	Total £'000
Cost				
At the beginning of the year	187	1,406	2,452	4,045
Additions in year	-	357	246	603
At the end of the year	187	1,763	2,698	4,648
Depreciation				
At the beginning of the year	-	272	727	999
Charge for the year	75	362	871	1,308
At the end of the year	75	634	1,598	2,307
Net book value				
At the end of the year	112	1,129	1,100	2,341
At the beginning of the year	187	1,134	1,725	3,046

The above net book value at 31 August 2011 represents fixed assets used for

	Temporary Buildings £'000	Furniture & equipment £'000	Computer equipment & software £'000	Total £'000
Educational provision	112	971	1,004	2,087
Support services	-	158	96	254
	112	1,129	1,100	2,341

Source of funding for assets acquired

	2011 £'000	2010 £'000
DfE/YPLA capital grants	561	552
Other DfE/YPLA grants	1,567	1,197
Other government grants	471	237
General purpose fund (grant income)	2,049	2,059
Other funds (non grant income)	-	-
Cost of fixed assets	4,648	4,045
Less Accumulated depreciation	2,307	999
Net book value of fixed assets	2,341	3,046

13 Subsidiary Undertaking

The charitable company owns the whole of the issued ordinary share capital of E-ACT Enterprises Limited, a company registered in England. The subsidiary will be used for non-primary purpose trading activities and is yet to trade. E-ACT Free Schools Trust is a subsidiary which was dormant during the year. As both subsidiaries were dormant during the year consolidated accounts were not required.

E-ACT**Notes to the financial statements****For the year ended 31 August 2011**

14 Debtors	2011	2010
	£'000	£'000
Trade debtors	738	2,023
Prepayments	342	250
Sundry debtors	705	411
VAT Due from HMRC	794	-
	<u>2,579</u>	<u>2,684</u>
15 Creditors amounts due within one year	2011	2010
	£'000	£'000
Trade creditors	1,255	1,486
Taxation and social security	1,052	832
Sundry creditors	819	642
Accruals	4,382	2,397
VAT Clawback from YPLA	937	-
	<u>8,445</u>	<u>5,357</u>

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

16 Funds	Opening Balance at 1 September 2010 £'000	Transfer in during the year £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2011 £'000
Restricted fixed asset						
DfE/YPLA capital grants	1,081	-	-	(476)	-	605
	1,081	-	-	(476)	-	605
Restricted general funds						
General Annual Grant (GAG)	1,427	-	59,263	(58,311)	-	2,379
Start Up grants	1,554	-	6,138	(6,691)	-	1,001
Other DfE/YPLA grants	369	-	4,123	(4,491)	-	1
Other Government Grants	615	-	4,387	(3,895)	-	1,107
Implementation and Feasibility Grants	-	-	1,056	(1,056)	-	-
Local Government pension scheme	(7,821)	(1,705)	-	(661)	2,593	(7,594)
	(3,856)	(1,705)	74,967	(75,105)	2,593	(3,106)
Unrestricted funds						
Unrestricted funds	73	-	2,347	(2,149)	-	271
	73	-	2,347	(2,149)	-	271
Total funds	(2,702)	(1,705)	77,314	(77,730)	2,593	(2,230)

Notes

- General Annual Grant must be used for the normal running costs of academies. Academies are allowed to carry forward up to 12% of the current General Annual Grant. Of the carried forward amount, up to 2% may be used for general purposes. Any balance over 2% must be used for capital purposes.
- Restricted general funds comprise grants from the DfE and other bodies which relate to the company's operations.
- Restricted fixed assets comprise government grants for capital items.
- The pension reserve relates to the open academies' share of the deficit of the Local Government Pension Schemes overseen by Lincolnshire County Council, West Yorkshire Pension Fund, South Yorkshire Pension Fund, West Midlands Metropolitan Authorities, the London Borough of Brent, Devon County Council, Greater Manchester Council and Cheshire West and Chester Council.

17 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets	-	1,736	605	2,341
Current assets	2,682	8,760	-	11,442
Current liabilities	(2,411)	(5,823)	-	(8,234)
Pension scheme liability	-	(7,594)	-	(7,594)
Total funds	271	(2,921)	605	(2,045)

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

18 Pension commitments

E-ACT staff are members of one of three types of pension schemes, two of which are defined benefit schemes. More details of these schemes are given in this note.

A summary of net liabilities brought forward and transferred in, along with the pension liability balances at year end and actuarial losses during the year is presented below:

	London Borough of Brent £'000	West Midlands £'000	West Yorkshire £'000	South Yorkshire £'000	
Net liability brought forward	(1,830)	(3,900)	(883)	(439)	
Net liability transferred in	-	-	-	-	
Net actuarial gain/(loss) for the year	(80)	652	222	654	
Net pension cost adjustment	(30)	(382)	(95)	(82)	
Net liability carried forward	(1,940)	(3,630)	(756)	133	
Made up of					
Present value of funded obligations	(3,830)	(7,041)	(1,964)	(1,939)	
Fair value of plan assets	1,890	3,411	1,208	2,072	
	(1,940)	(3,630)	(756)	133	
	Lincolnshire County Council £'000	Devon County Council £'000	Greater Manchester £'000	Cheshire West and Chester Council £'000	Total £'000
Net liability brought forward	(769)	-	-	-	(7,821)
Net liability transferred in	-	(587)	(485)	(633)	(1,705)
Net actuarial gain/(loss) for the year	653	39	203	250	2,593
Net pension cost adjustment	(6)	(37)	(28)	(1)	(661)
Net liability carried forward	(122)	(585)	(310)	(384)	(7,594)
Made up of					
Present value of funded obligations	(2,370)	(1,057)	(1,849)	(2,108)	(22,158)
Fair value of plan assets	2,248	472	1,539	1,724	14,564
	(122)	(585)	(310)	(384)	(7,594)

The company's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Local Government Pension Schemes (LGPS) for non-teaching staff. In addition, head office staff have the option to join a defined contribution scheme.

The total pension cost to the company during the year ended 31 August 2011 was £5,434,472 (2010: £3,642,379) of which £3,656,237 (2010: £2,472,296) relates to the TPS, £1,688,150 (2010: £1,108,623) relates to LGPS, and £90,085 (2010: £61,460) relates to the defined contribution scheme. This amount was increased by £661,000 (2010: reduced by £223,000) per the total pension cost adjustment above to give a total pension cost of £6,095,472 (2010: £3,419,379).

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

Teachers Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers or 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 Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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Notes to the financial statements

For the year ended 31 August 2011

18 Pension commitments (continued)

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance the Scheme's assets and liabilities within 15 years as required by the regulations), a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions.

The pension cost charged in the financial statements for this scheme for the year end 31 August 2011 was £3,656,237 (2010 £2,477,460) which were the contributions due for the period.

Local government pension scheme

The company is one of several employing bodies included within the following Local Government Pension Schemes (LGPS): London Borough of Brent Pension Fund, Devon County Council Pension Fund, West Midlands Metropolitan Authorities Pension Fund, West Yorkshire Pension Fund, Greater Manchester Pension Fund, South Yorkshire Pension Fund, Lincolnshire County Council Pension Fund and Cheshire Pension Fund.

The LGPSs are funded defined benefit schemes, with the assets held in separate trustee administered funds. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2011 was £2,288,466 (2010 £1,520,116) of which employer's contributions totalled £1,688,150 (2010 £1,108,623) and employees' contributions totalled £600,317 (2010 £411,493). The agreed contribution rates for the year ended 31 August 2011 for employers were as follows: 25.1% for London Borough of Brent, 19.8% for Devon County Council, 16.6% for West Midlands, 11.3% for West Yorkshire, 16.6% for Greater Manchester, 10.7% for South Yorkshire, 15.6% for Lincolnshire County Council and 19.6% for Cheshire West and Chester Council. For all pension schemes rates were between 5.5% and 7.5% for employees.

(1) London Borough of Brent Pension Fund

(a) The amounts recognised in the balance sheet are as follows:

	2011 £'000	2010 £'000
Present value of funded obligations	(3,830)	(3,750)
Fair value of plan assets	1,890	1,920
Deficit	(1,940)	(1,830)
Amounts in balance sheet		
Liabilities	1,940	1,830
Assets	-	-
Net liability	1,940	1,830

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****18. Pension commitments (continued)****(b) Changes in the present value of the defined benefit obligation are as follows .**

	2011	2010
	£'000	£'000
Opening defined benefit obligation	3,750	3,500
Service cost	370	210
Past service cost	-	(390)
Interest cost	190	190
Employee contributions	110	60
Actuarial (gain)/loss	(600)	240
Benefits paid	10	(60)
Losses / (gains) on curtailments	-	-
Business combinations	-	-
Defined benefit obligation at end of year	3,830	3,750

(c) Changes in the fair value of the scheme assets are as follows :

	2011	2010
	£'000	£'000
Opening fair value of scheme assets	1,920	1,570
Expected return	140	100
Actuarial (loss)/gain	(680)	30
Employer contributions	390	220
Employee contributions	110	60
Benefits paid	10	(60)
Business combinations	-	-
Fair value of scheme assets at the year end	1,890	1,920

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011	2010
	£'000	£'000
Current service cost	370	210
Past service cost	-	(390)
Expected return on scheme assets	(140)	(100)
Interest cost	190	190
Losses/Gains on curtailments/settlements	-	-
Employer contributions	-	-
Total amount charged within net income/(outgoing) resources	420	(90)
Actuarial loss	80	-
Total amount charged/(credited) to the Statement of Financial Activities	500	(90)

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

- (e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011	2010
Equities	51.0%	53.7%
Private equity / Infrastructure	10.1%	8.3%
Hedge funds	8.7%	9.2%
Currency funds	-	-
Bonds	-	-
Government bonds	5.3%	3.3%
Corporate bonds	4.9%	14.0%
Property	6.9%	6.0%
Cash / Other	13.1%	5.5%
	100.0%	100.0%

- (f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate at 31 August	5.3%	4.9%
Expected return on scheme assets at 31 August	7.7%	7.5%
Inflation	2.8%	2.7%
Rate of increase in salaries	5.2%	4.9%
Rate of increase of pensions	2.8%	2.7%
Assumes life expectations on retirements age 65		
Retiring today - males	23.8	25.6
Retiring today - females	26.6	27.4
Retiring in 20 years - males	25.6	23.2
Retiring in 20 years - females	28.6	25.2

- (g) The amounts for the current and previous periods are as follows

	2011 £'000	2010 £'000
Defined benefit obligation	(3,830)	(3,750)
Scheme assets	1,890	1,920
Surplus/(deficit)	(1,940)	(1,830)
Experience adjustments on scheme liabilities	450	30
Experience adjustments on scheme assets	(680)	-

E-ACT**Notes to the financial statements****For the year ended 31 August 2011**

18. Pension commitments (continued)**(2) West Midlands Metropolitan Authorities Pension Fund**

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows :

	2011	2010
	£'000	£'000
Present value of funded obligations	(7,041)	(6,995)
Fair value of plan assets	3,411	3,095
Deficit	(3,630)	(3,900)
Amounts in balance sheet		
Liabilities	3,630	3,900
Assets	-	-
Net liability	3,630	3,900

(b) Changes in the present value of the defined benefit obligation are as follows :

	2011	2010
	£'000	£'000
Opening defined benefit obligation	6,995	5,772
Service cost	714	555
Past service cost	6	-
Interest cost	364	303
Employee contributions	188	147
Actuarial (gain)/loss	(1,171)	218
Benefits paid	(55)	-
Losses / (gains) on curtailments	-	-
Business combinations	-	-
Defined benefit obligation at end of year	7,041	6,995

(c) Changes in the fair value of the scheme assets are as follows :

	2011	2010
	£'000	£'000
Opening fair value of scheme assets	3,095	2,343
Expected return	226	150
Actuarial (loss)/gain	(519)	88
Employer contributions	476	367
Employee contributions	188	147
Benefits paid	(55)	-
Fair value of scheme assets at the year end	3,411	3,095

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****18. Pension commitments (continued)****(d) The amounts included within the Statement of Financial Activities are as follows :**

	2011	2010
	£'000	£'000
Current service cost	714	555
Past service cost	6	-
Expected return on scheme assets	(226)	(150)
Interest cost	364	303
Losses/Gains on curtailments/settlements	-	-
Employer contributions	-	-
Total amount charged within net income/(outgoing) resources	858	708
Actuarial (gains) and losses	(652)	-
Total amount charged/(credited) to the Statement of Financial Activities	206	708

(e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011	2010
Equities	66.3%	70.0%
Private equity / Infrastructure	-	-
Hedge funds	-	-
Currency funds	-	-
Bonds	8.7%	8.8%
Government bonds	11.0%	9.6%
Corporate bonds	-	-
Property	12.7%	9.6%
Cash / Other	1.3%	2.0%
	100.0%	100.0%

(f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate at 31 August	5.3%	4.9%
Expected return on scheme assets at 31 August	6.6%	6.6%
Inflation	3.0%	2.8%
Rate of increase in salaries	4.8%	5.1%
Rate of increase of pensions	3.0%	3.6%
Assumes life expectations on retirements age 65		
Retiring today - males	21.3	21.7
Retiring today - females	24.2	24.9
Retiring in 20 years - males	22.8	23.5
Retiring in 20 years - females	25.8	26.8

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****18. Pension commitments (continued)**

(g) The amounts for the current and previous periods are as follows :

	2011	2010
	£'000	£'000
Defined benefit obligation	(7,041)	(6,995)
Scheme assets	3,411	3,095
Surplus / (deficit)	(3,630)	(3,900)
Experience adjustments on scheme liabilities	415	-
Experience adjustments on scheme assets	-	-

(3) West Yorkshire Pension Fund

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows :

	2011	2010
	£'000	£'000
Present value of funded obligations	(1,964)	(2,099)
Fair value of plan assets	1,208	1,216
Deficit	(756)	(883)
Amounts in balance sheet		
Liabilities	756	883
Assets	-	-
Net liability	756	883

(b) Changes in the present value of the defined benefit obligation are as follows :

	2011	2010
	£'000	£'000
Opening defined benefit obligation	2,099	1,746
Service cost	179	205
Past service cost	-	(188)
Interest cost	108	101
Employee contributions	56	57
Actuarial (gains)/loss	(458)	104
Benefits paid	(20)	74
Losses / (gains) on curtailments	-	-
Business combinations	-	-
Defined benefit obligation at end of year	1,964	2,099

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****18. Pension commitments (continued)****(c) Changes in the fair value of the scheme assets are as follows :**

	2011	2010
	£'000	£'000
Opening fair value of scheme assets	1,216	882
Expected return	85	66
Actuarial (loss)/gain	(236)	21
Employer contributions	107	116
Employee contributions	56	57
Benefits paid	(20)	74
Fair value of scheme assets at the year end	1,208	1,216

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011	2010
	£'000	£'000
Current service cost	179	205
Past service cost	-	(188)
Expected return on scheme assets	(85)	(66)
Interest cost	108	101
Losses/Gains on curtailments/settlements	-	-
Employer contributions	-	-
Total amount charged within net income/(outgoing) resources	202	52
Actuarial (gains)	(222)	-
Total amount charged/(credited) to the Statement of Financial Activities	(20)	52

(e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011	2010
Equities	73.1%	69.9%
Private equity / Infrastructure	0.0%	0.0%
Hedge funds	0.0%	0.0%
Currency funds	0.0%	0.0%
Bonds	0.0%	0.0%
Government bonds	11.6%	13.2%
Corporate bonds	4.0%	3.9%
Property	3.6%	3.9%
Cash / Other	7.7%	9.1%
	100.0%	100.0%

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

(f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate at 31 August	5.3%	4.9%
Expected return on scheme assets at 31 August	7.0%	6.9%
Inflation	2.8%	2.7%
Rate of increase in salaries	5.2%	5.2%
Rate of increase of pensions	2.8%	2.7%
Assumes life expectations on retirements age 65		
Retiring today - males	21.9	21.8
Retiring today - females	24.0	25.4
Retiring in 20 years - males	23.7	24.1
Retiring in 20 years - females	26.0	27.9

(g) The amounts for the current and previous periods are as follows :

	2011 £'000	2010 £'000
Defined benefit obligation	(1,964)	(2,099)
Scheme assets	1,208	1,216
Surplus / (deficit)	(756)	(883)
Experience adjustments on scheme liabilities	197	-
Experience adjustments on scheme assets	(236)	21

(4) South Yorkshire Pension Fund

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows :

	2011 £'000	2010 £'000
Present value of funded obligations	(1,939)	(1,792)
Fair value of plan assets	2,072	1,353
(Deficit)	133	(439)
Amounts in balance sheet		
Liabilities	(133)	439
Assets	-	-
Net (asset)/liability	(133)	439

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

(b) Changes in the present value of the defined benefit obligation are as follows :

	2011	2010
	£'000	£'000
Opening defined benefit obligation	1,792	-
Service cost	169	152
Past service cost	-	(117)
Interest cost	92	86
Employee contributions	56	55
Actuarial (gain)/loss	(125)	181
Benefits paid	(45)	-
Losses / (gains) on curtailments	-	-
Business combinations	-	1,435
Defined benefit obligation at end of year	1,939	1,792

(c) Changes in the fair value of the scheme assets are as follows :

	2011	2010
	£'000	£'000
Opening fair value of scheme assets	1,353	-
Expected return	83	71
Actuarial gain	529	55
Employer contributions	96	93
Employee contributions	56	55
Benefits paid	(45)	-
Business combinations	-	1,079
Fair value of scheme assets at the year end	2,072	1,353

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011	2010
	£'000	£'000
Current service cost	169	152
Past service cost	-	(117)
Expected return on scheme assets	(83)	(71)
Interest cost	92	86
Losses/Gains on curtailments/settlements	-	-
Employer contributions	-	-
Total amount charged within net income/(outgoing) resources	178	50
Actuarial (gain)	(654)	-
Total amount charged/(credited) to the Statement of Financial Activities	(476)	50

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****18. Pension commitments (continued)**

- (e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011	2010
Equities	64.9%	65.4%
Private equity / Infrastructure	0.0%	0.0%
Hedge funds	0.0%	0.0%
Currency funds	0.0%	0.0%
Bonds	7.2%	9.2%
Government bonds	15.6%	13.8%
Corporate bonds	0.0%	0.0%
Property	9.8%	10.1%
Cash / Other	2.5%	1.5%
	100%	100.0%

- (f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate at 31 August	5.3%	4.9%
Expected return on scheme assets at 31 August	8.0%	6.5%
Inflation	2.7%	2.6%
Rate of increase in salaries	4.5%	4.6%
Rate of increase of pensions	2.7%	2.6%
Assumes life expectations on retirements age 65		
Retiring today - males	21.4	20.4
Retiring today - females	24.1	23.2
Retiring in 20 years - males	22.8	21.3
Retiring in 20 years - females	25.7	24.1

- (g) The amounts for the current and previous periods are as follows :

	2011	2010
	£'000	£'000
Defined benefit obligation	(1,939)	(1,792)
Scheme assets	2,072	1,353
Surplus / (deficit)	133	(439)
Experience adjustments on scheme liabilities	(292)	-
Experience adjustments on scheme assets	529	55

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

(5) Lincolnshire County Council Pension Fund

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows :

	2011 £'000	2010 £'000
Present value of funded obligations	(2,370)	(2,494)
Fair value of plan assets	2,248	1,725
Surplus/(deficit)	(122)	(769)
Amounts in balance sheet		
Liabilities	122	769
Assets	-	-
Net liability	122	769

(b) Changes in the present value of the defined benefit obligation are as follows :

	2011 £'000	2010 £'000
Opening defined benefit obligation	2,494	1,961
Service cost	263	231
Interest cost	127	(145)
Employee contributions	80	114
Actuarial (gain)/loss	(578)	75
Benefits paid	(16)	241
Losses / (gains) on curtailments	-	-
Business combinations	-	17
Defined benefit obligation at end of year	2,370	2,494

(c) Changes in the fair value of the scheme assets are as follows :

	2011 £'000	2010 £'000
Opening fair value of scheme assets	1,725	1,236
Expected return	113	90
Actuarial gain	75	50
Employer contributions	271	274
Employee contributions	80	75
Benefits paid	(16)	-
Business combinations	-	-
Fair value of scheme assets at the year end	2,248	1,725

E-ACT**Notes to the financial statements****For the year ended 31 August 2011****18. Pension commitments (continued)**

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011	2010
	£'000	£'000
Current service cost	263	231
Past service cost	-	(145)
Expected return on scheme assets	(113)	(90)
Interest cost	127	114
Losses/Gains on curtailments/settlements	-	17
Employer contributions	-	-
Total amount charged within net income/(outgoing) resources	277	127
Actuarial (gain)	(653)	-
Total amount charged/(credited) to the Statement of Financial Activities	(376)	127

(e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011	2010
Equities	73 0%	66 0%
Private equity / Infrastructure	0 0%	0 0%
Hedge funds	0 0%	0 0%
Currency funds	0 0%	0 0%
Bonds	14 0%	13 0%
Government bonds	0 0%	0 0%
Corporate bonds	0 0%	0 0%
Property	12 0%	12 0%
Cash / Other	1 0%	9 0%
	100 0%	100 0%

(f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate at 31 August	5 4%	4 8%
Expected return on scheme assets at 31 August	6 2%	6 0%
Inflation	2 6%	2 7%
Rate of increase in salaries	4 9%	4 7%
Rate of increase of pensions	2 6%	2 7%
Assumes life expectations on retirements age 65		
Retiring today - males	21 2	20 8
Retiring today - females	23 4	24 1
Retiring in 20 years - males	23 7	22 3
Retiring in 20 years - females	25 7	25 7

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Notes to the financial statements

For the year ended 31 August 2011

18 Pension commitments (continued)

(g) The amounts for the current and previous periods are as follows :

	2011	2010
	£'000	£'000
Defined benefit obligation	(2,370)	(2,494)
Scheme assets	2,248	1,725
Surplus / (deficit)	(122)	(769)
Experience adjustments on scheme liabilities	58	-
Experience adjustments on scheme assets	75	50

No comparatives have been provided for the following academies as they only became part of E-ACT with effect from September 2010

(6) Devon County Council Pension Fund

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows .

	2011
	£'000
Present value of funded obligations	(1,057)
Fair value of plan assets	472
Deficit	(585)
Amounts in balance sheet	
Liabilities	585
Assets	-
Net liability	585

(b) Changes in the present value of the defined benefit obligation are as follows .

	2011
	£'000
Transferred in defined benefit obligation	922
Service cost	99
Interest cost	48
Employee contributions	27
Actuarial loss/(gain)	(39)
Benefits paid	-
Losses / (gains) on curtailments	-
Business combinations	-
Defined benefit obligation at end of year	1,057

E-ACT**Notes to the financial statements****For the year ended 31 August 2011**

18. Pension commitments (continued)**(c) Changes in the fair value of the scheme assets are as follows .**

	2011
	£'000
Transferred in fair value of scheme assets	335
Expected return	25
Actuarial gain	-
Employer contributions	85
Employee contributions	27
Benefits paid	-
Business combinations	-
Fair value of scheme assets at the year end	472

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011
	£'000
Current service cost	99
Past service cost	-
Expected return on scheme assets	(25)
Interest cost	48
Losses/Gains on curtailments/settlements	-
Employer contributions	-
Total amount charged within net income/(outgoing) resources	122
Actuarial gain	(39)
Total amount charged to the Statement of Financial Activities	83

(e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011
Equities	67 0%
Private equity / Infrastructure	0 0%
Hedge funds	0 0%
Currency funds	0 0%
Bonds	0 0%
Government bonds	19 0%
Corporate bonds	0 0%
Property	6 0%
Cash / Other	8 0%
	100 0%

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

(f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011
Discount rate at 31 August	5.4%
Expected return on scheme assets at 31 August	6.3%
Inflation	2.7%
Rate of increase in salaries	4.9%
Rate of increase of pensions	2.6%
Assumes life expectations on retirements age 65	
Retiring today - males	20.3
Retiring today - females	24.4
Retiring in 20 years - males	22.4
Retiring in 20 years - females	26.3

(g) The amounts for the current period are as follows .

	2011 £'000
Defined benefit obligation	(1,057)
Scheme assets	472
Surplus / (deficit)	(585)
Cumulative actuarial gains/(losses)	39

(7) Greater Manchester Pension Fund

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows .

	2011 £'000
Present value of funded obligations	(1,849)
Fair value of plan assets	1,539
Deficit	(310)
Amounts in balance sheet	
Liabilities	310
Assets	-
Net liability	310

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Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

(b) Changes in the present value of the defined benefit obligation are as follows

	2011 £'000
Transferred in defined benefit obligation	1,760
Service cost	149
Interest cost	91
Employee contributions	51
Actuarial (gain)	(202)
Benefits paid	-
Losses / (gains) on curtailments	-
Business combinations	-
Defined benefit obligation at end of year	1,849

(c) Changes in the fair value of the scheme assets are as follows :

	2011 £'000
Transferred in fair value of scheme assets	1,275
Expected return	82
Actuarial gain	1
Employer contributions	130
Employee contributions	51
Benefits paid	-
Business combinations	-
Fair value of scheme assets at the year end	1,539

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011 £'000
Current service cost	149
Past service cost	-
Expected return on scheme assets	(82)
Interest cost	91
Losses/Gains on curtailments/settlements	-
Employer contributions	-
Total amount charged within net income/(outgoing) resources	158
Actuarial (gain)	(203)
Total amount charged/(credited) to the Statement of Financial Activities	(45)

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

- (e) The major categories of scheme assets as a percentage of total Scheme assets are as follows .

	2011
Equities	66.0%
Private equity / Infrastructure	0.0%
Hedge funds	0.0%
Currency funds	0.0%
Bonds	20.0%
Government bonds	0.0%
Corporate bonds	0.0%
Property	6.0%
Cash / Other	8.0%
	<hr/> 100.0%

- (f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011
Discount rate at 31 August	5.4%
Expected return on scheme assets at 31 August	6.0%
Inflation	2.7%
Rate of increase in salaries	4.4%
Rate of increase of pensions	2.6%
Assumes life expectations on retirements age 65	
Retiring today - males	20.1
Retiring today - females	22.9
Retiring in 20 years - males	22.5
Retiring in 20 years - females	25.0

- (g) The amounts for the current period are as follows :

	2011 £'000
Defined benefit obligation	(1,849)
Scheme assets	1,539
Surplus / (deficit)	(310)
Experience adjustments on scheme liabilities	-
Experience adjustments on scheme assets	1

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

18 Pension commitments (continued)

(8) Cheshire West and Chester Council Pension Fund

The following information is based upon a review of the scheme by a qualified independent actuary

(a) The amounts recognised in the balance sheet are as follows :

	2011 £'000
Present value of funded obligations	(2,108)
Fair value of plan assets	1,724
Deficit	(384)
Amounts in balance sheet	
Liabilities	384
Assets	-
Net liability	384

(b) Changes in the present value of the defined benefit obligation are as follows :

	2011 £'000
Transferred in defined benefit obligation	1,997
Service cost	195
Interest cost	104
Employee contributions	63
Actuarial (gain)	(251)
Benefits paid	-
Losses / (gains) on curtailments	-
Business combinations	-
Defined benefit obligation at end of year	2,108

(c) Changes in the fair value of the scheme assets are as follows :

	2011 £'000
Transferred in fair value of scheme assets	1,364
Expected return	91
Actuarial gain/(loss)	(1)
Employer contributions	207
Employee contributions	63
Benefits paid	-
Business combinations	-
Fair value of scheme assets at the year end	1,724

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

18. Pension commitments (continued)

(d) The amounts included within the Statement of Financial Activities are as follows :

	2011
	£'000
Current service cost	195
Past service cost	-
Expected return on scheme assets	(91)
Interest cost	104
Losses/Gains on curtailments/settlements	-
Employer contributions	-
Total amount charged within net income/(outgoing) resources	208
Actuarial (gain)	(250)
Total amount charged/(credited) to the Statement of Financial Activities	(42)

(e) The major categories of scheme assets as a percentage of total Scheme assets are as follows :

	2011
Equities	67 0%
Private equity / Infrastructure	0 0%
Hedge funds	0 0%
Currency funds	0 0%
Bonds	17 0%
Government bonds	0 0%
Corporate bonds	0 0%
Property	8 0%
Cash / Other	8 0%
	100 0%

(f) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2011
Discount rate at 31 August	5 4%
Expected return on scheme assets at 31 August	6 1%
Inflation	2 7%
Rate of increase in salaries	4 9%
Rate of increase of pensions	2 6%
Assumes life expectations on retirements age 65	
Retiring today - males	22 9
Retiring today - females	25 7
Retiring in 20 years - males	24 9
Retiring in 20 years - females	27 7

E-ACT

Notes to the financial statements

For the year ended 31 August 2011

18 Pension commitments (continued)

(g) The amounts for the current period are as follows :

	2011 £'000
Defined benefit obligation	(2,108)
Scheme assets	1,724
Surplus / (deficit)	(384)
Experience adjustments on scheme liabilities	-
Experience adjustments on scheme assets	(1)

The Three-year history of experience adjustments for all funds is as follows:

	2011	2010	2009
Present value of defined benefit obligations	(22,158)	(17,130)	(1,961)
Fair value of share of scheme assets	14,564	9,309	1,236
Deficit in the schemes	(7,594)	(7,821)	(725)
Experience adjustments on share of assets £000'	(1,611)	126	(167)
Experience adjustments on scheme liabilities £000'	1,354	30	(230)

19. Related party transactions

The company did not pay any related parties during the year (2010 £29,500) In the prior year, Harvey Nash also discounted their fees by £17,385 which has been shown as a donation Noorzaman Rashid is a director of Harvey Nash and of E-ACT There were no amounts outstanding at the year end

20 Operating leases

The charity has the following operating lease commitments

	2011 £'000	2010 £'000
< 1 year	7	13
1-2 years	380	36
2-5 years	130	137
	517	186

The land and buildings in which Crest Boy's Academy, Crest Girl's Academy, Heartlands Academy, Leeds West Academy, North Birmingham Academy, Parkwood Academy and Shenley Academy are based are leased from the relevant Local Authority at a peppercorn rent on a short-term basis E-ACT does not own these assets and the value of the lease is negligible, therefore no commitment has been recognised in the financial statements

The land and buildings upon which Trent Valley Academy is based are occupied under licence from the Local Authority pending completion of the 125 year long lease

**The following pages do not form part of
the statutory accounts**

**Detailed income and expenditure account
for all Academies**

31 August 2011

E-ACT

Detailed Income and Expenditure Account

For the year ended 31 August 2011

	2011	2010
	£'000	£'000
Income		
General Annual Grant	58,555	41,000
DfE Pupil Premium grants	707	-
Start Up A	2,588	1,822
Start Up B	3,550	2,771
	65,400	45,593
Other Government grants		
SEN grants	2,065	1,037
Standards Funds grants	2,806	3,932
Devolved Formula Capital grant	809	934
Other government and local authority grants	2,830	2,112
	8,510	8,015
Other income		
Private sponsorship and donations	87	47
Lettings Income	207	134
Interest receivable	25	11
Catering income	405	441
Project Income	1,089	2,835
Other Academy income	1,591	1,667
	3,404	5,135
Total income	77,314	58,743

E-ACT**Detailed Income and Expenditure Account****For the year ended 31 August 2011**

	2011 £'000	2010 £'000
Expenditure		
General Annual Grant related expenditure		
Staff costs		
Teaching Staff costs	(34,176)	(23,711)
Education Support Staff Costs	(9,600)	(7,422)
Other staff costs	(2,271)	(492)
Premises staff costs	(1,520)	(987)
Admin staff costs	(5,622)	(3,253)
Catering staff costs	(455)	(423)
Supervisory staff costs	(471)	(270)
Staff training & development	(415)	(252)
Total GAG staff costs	<u>(54,530)</u>	<u>(36,810)</u>
Maintenance of premises		
Building & Contents Repairs & Maintenance	(571)	(441)
Grounds Repairs & Maintenance	(140)	(76)
Loose Fit Expenditure	-	-
	<u>(711)</u>	<u>(517)</u>
Other occupancy costs		
Security	(286)	(276)
Insurance	(68)	(217)
Rent	(220)	(13)
Rates	(409)	(214)
Light & Heat	(1,166)	(684)
Cleaning	(725)	(584)
Water	(219)	(72)
Other premises costs	(669)	(212)
	<u>(3,762)</u>	<u>(2,272)</u>
Educational supplies and services		
Books	(541)	(455)
Stationery and materials	(171)	(204)
Transport	(360)	(97)
Examination fees	(1,152)	(853)
Other educational supplies & costs	(2,857)	(1,858)
Start Up A Expenditure	(46)	(395)
Start Up B Expenditure	(60)	(13)
Education visits	-	-
	<u>(5,187)</u>	<u>(3,875)</u>

E-ACT**Detailed Income and Expenditure Account****For the year ended 31 August 2011**

	2011 £'000	2010 £'000
Other supplies and services		
Catering	(1,511)	(1,161)
Legal and professional fees	(2,631)	(1,060)
Auditors' remuneration	(78)	(76)
Bank interest and charges	(10)	(3)
Management charge	-	(2,255)
Office costs	(2,814)	(1,343)
Project costs	-	-
Sickness Insurance	-	-
	<u>(7,044)</u>	<u>(5,898)</u>
Furniture and equipment		
Repairs and maintenance	<u>(523)</u>	<u>(247)</u>
Technology costs (not capitalised)		
IT Consumables	(46)	(46)
IT Hardware	(171)	(120)
IT Software	(190)	(165)
Other IT costs	<u>(664)</u>	<u>(432)</u>
	<u>(1,071)</u>	<u>(763)</u>
Total GAG expenditure	<u>(72,828)</u>	<u>(50,382)</u>
Depreciation	(1,308)	(896)
Project Costs	(1,079)	(2,488)
HO Staff Costs	(1,334)	(708)
Irrecoverable VAT	<u>(1,181)</u>	<u>(1,307)</u>
Total expenditure	<u>(77,730)</u>	<u>(55,781)</u>
Net surplus/(deficit)	<u>(416)</u>	<u>2,962</u>