



Scott-Moncrieff
business advisers and accountants

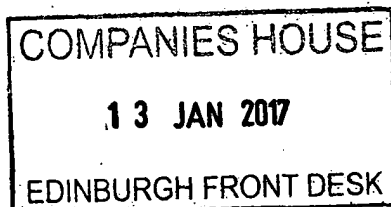
THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

Annual report and financial statements

for the year ended 31 July 2016

Company Number: SC181779

Charity Number: SC027543



FRIDAY



S5Y0YN2W

SCT

13/01/2017

#12

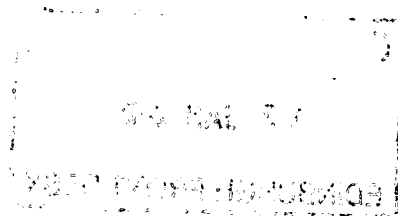
COMPANIES HOUSE

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2016

CONTENTS	PAGE
Directors' Annual Report	1- 5
Independent Auditor's Report	6 - 7
Statement of Financial Activities	8
Balance Sheet	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 20



THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2016

The directors, who are also trustees of the charity for the purposes of charitable law, present their report and the audited financial statements for the year ended 31 July 2016.

Objects and Activities

The company's objects are the promotion and advancement of education of pupils of The Edinburgh Academy and of any other educational establishment with whom The Edinburgh Academy may merge or amalgamate.

In furtherance of its stated objects the company has the power:

- to undertake or fund projects concerned with, or carried out by, the School for the benefit of such pupils;
- to provide or fund scholarships and bursaries for such pupils; and
- to organise, advertise and pay the expenses of any appeal for donations to the company.

The company aims to raise funds for specific projects within The Edinburgh Academy and to support The Edinburgh Academy Bursary and Scholarship Fund. Details of the donations made to The Edinburgh Academy can be seen in note 7 to the financial statements.

Achievements and performance

In 2015-2016 the Edinburgh Academy Foundation has focused on TO24, our master-plan to deliver strategic, transformational improvements, including new-builds, to the School estate and to further increase our support of bursary provision at Senior School. The public phase of our New Field Pavilions Campaign is nearing completion with both the new Hockey Pavilion and the extension to the Main Pavilion now in use.

In June 2016 we celebrated the opening of a new Golf Training Area to the rear of the Senior School, financed jointly by the Edinburgh academy Golf Club and the EA Parents' Association.

We continue to develop further our engagement with our Academical community and have secured substantial support, including six-figure gifts for TO24 Phase 1. The Edinburgh Academy and the Edinburgh Academy Foundation continues to benefit from the generosity of our Academicals, expressed in donations and in legacy bequests.

Financial review

The Statement of Financial Activities is set out on page 8. The net expenditure for the year on the unrestricted general fund, after gains on investments of £4,680 (2015: £7,001), amounted to £91,710 (2015: £49,647). The restricted fund reported net income of £124,494 (2015: £129,083), giving total net income for the period of £32,784 (2015: £79,436). The unrestricted reserves at the year-end were in deficit of £86,244 (2015: £5,466), and restricted funds were in surplus of £380,202 (2015: £255,708).

Risk Management

The directors have assessed the major risks to which the company is exposed, in particular those relating to its operations and finances, and are satisfied that systems are in place to manage exposure to major risks.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2016

Financial review (continued)

Principal funding sources

Legacies and donations continue to be our key source of funding. 2015-2016 has seen an increase in membership of the 1824 Society (legacies) and the 2024 Club (dedicated income stream for unrestricted regular giving to TO24).

The Directors are grateful to The Edinburgh Academy which continues to donate staff time and administration premises. These costs are not included in the Statement of Financial Activities. Personnel working on behalf of the company are direct employees of the Edinburgh Academy Foundation and The Edinburgh Academy. The Edinburgh Academy recharges The Edinburgh Academy Foundation £77,273 (2015: £69,491) for the salary costs for the period.

Investment policy

Investment powers are governed by the Memorandum and Articles of Association. The investment policy is geared towards a balanced return between capital and income. The directors have engaged Brewin Dolphin as Investment Managers and are satisfied with the income and gains generated in the year, which amounted to £1,487 (2015: £1,497) and £4,680 (2015: gain of £7,001), respectively.

Reserves policy

The EA Foundation policy of allocating 25% of its unrestricted income from donations and legacies to the Bursary and Scholarship Fund of The Edinburgh Academy, was suspended in 2015-16. The Directors took this decision due to a combination of the dramatically improved bursarial position consequent on the Eric Stevenson Trust and the school's strategic infrastructure aspirations mentioned earlier. The decision to suspend the policy will be kept under review. All unrestricted income collected is retained within the general fund and is available for future projects.

Plans for future periods

The key aim for the next financial year is the successful completion of the New Field Pavilion Campaign and the pursuit of leadership gifts for the first phase of TO24, the Master-plan; being capital builds to extend both the James Clerk Maxwell Science Centre and the Edinburgh Academy Library. Alongside this, efforts are being directed towards increasing regular giving to the EAF to ensure a steady, unrestricted income stream.

Structure, Governance and Management

Governing Document

The Edinburgh Academy Foundation is a Scottish charitable company limited by guarantee, incorporated and registered as a charity on 29 December 1997. The company has no shareholders. It was established under a Memorandum of Association, which sets out its objects and powers, and is governed under its Articles of Association. In the event of it being wound up members are required to contribute an amount not exceeding £1. The directors are the members of the company.

Recruitment and Appointment of Directors

Under the terms of the articles, The Court of Directors of the Edinburgh Academy is entitled to nominate two Directors and the Academical Council and The Edinburgh Academy Parents' Association are entitled to nominate one Director. The Rector of The Edinburgh Academy from time to time is a Director ex officio. These Directors are not subject to retirement by rotation.

Other directors are elected at the annual general meeting to serve for a period of three years, subject to ratification at each AGM. New directors are drawn from the School's community, with the aim of having a broad skills mix represented on the board.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2016

Structure, Governance and Management (continued)

Directors' Induction and Training

Most directors are already familiar with the work of the company. On appointment, new directors are informally briefed on the management and operation of the company by the Chairman. Their obligations as directors are explained and they are given copies of the main documents that set out the operational framework for the company including the Memorandum and Articles of Association.

Organisational structure

The Board of Directors meet periodically during the year and are responsible for the strategic decisions of the company. The Board is supported by the Development Director who is responsible for its administration and running on a day-to-day basis.

Reference and Administrative Information

Chairman of the Board of Directors

B C Beveridge

Board of Directors

S A Mackintosh (resigned 8 December 2015)

A M R Tod

M Longmore (*ex officio* board member)

B Hacking

M W Gregson* (*ex officio* board member)

L H Htet-Khin

B C Beveridge

J L Rowan

S J Sutherland

Development Director**

L Boyd

Company Secretary

L Boyd

Registered Office

42 Henderson Row
Edinburgh
EH3 5BL

Company Number

SC181779

Charity Number

SC027543

Independent Auditor

Scott-Moncrieff
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Investment Managers

Brewin Dolphin
Sixth Floor, Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors

MBM Commercial LLP
7 Castle Street
Edinburgh
EH2 3AH

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

* - Director is also a member of The Court of Directors of The Edinburgh Academy

** - Title, not a director for Companies Act purposes

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2016

Statement of Responsibilities of the Board of Directors

The directors (who are also trustees of The Edinburgh Academy Foundation for the purposes of charity law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with 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 that 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 income and expenditure, for the financial period. In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, The Charities and Trustees Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2016

Auditor

A resolution to re-appoint Scott-Moncrieff as auditor for the ensuing year will be proposed at the annual general meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 applicable to small companies.

By order of the Board on 05 December 2016

A handwritten signature in black ink, appearing to read 'Lesley Boyd', written in a cursive style.

L Boyd
Company Secretary

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF
THE EDINBURGH ACADEMY FOUNDATION**

We have audited the financial statements of The Edinburgh Academy Foundation for the year ended 31 July 2016, which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 auditor

As explained more fully in the Statement of Responsibilities of the Board of Directors set out on pages 4, 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 22 to the financial statements.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF
THE EDINBURGH ACADEMY FOUNDATION**

Opinion on the 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 July 2016 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 applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime; or
- the trustees were not exempt from the requirement to prepare a strategic report.

Scott-Moncrieff

Gillian Donald, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Seample Street
Edinburgh
EH3 8BL

5 December
2016

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 July 2016

	Note	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Income and endowments from:					
Donations and legacies	5	96,634	266,131	362,765	186,674
Other trading activities		2,947	2,875	5,822	3,204
Investments		2,162	-	2,162	1,837
Total		<u>101,743</u>	<u>269,006</u>	<u>370,749</u>	<u>191,715</u>
Expenditure on:					
Raising funds	6	107,177	5,346	112,523	104,449
Charitable activities	7	90,956	139,166	230,122	14,831
Total		<u>198,133</u>	<u>144,512</u>	<u>342,645</u>	<u>119,280</u>
Net gains on investments		4,680	-	4,680	7,001
Net (expenditure)/ income		<u>(91,710)</u>	<u>124,494</u>	<u>32,784</u>	<u>79,436</u>
Reconciliation of funds:					
Total funds brought forward	16	5,466	255,708	261,174	181,738
Total funds carried forward	16	<u>(86,244)</u>	<u>380,202</u>	<u>293,958</u>	<u>261,174</u>

All activities of the charity are classed as continuing. There were no gains or losses in the year other than those disclosed above.

The notes on pages 11 to 20 form part of these financial statements.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

BALANCE SHEET

as at 31 July 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible fixed assets	11	5,294	7,876
Investments	12	79,295	73,633
<i>Total fixed assets</i>		<u>84,589</u>	<u>81,509</u>
Current assets			
Debtors	13	88,160	2,420
Cash at bank		275,536	267,580
<i>Total current assets</i>		<u>363,696</u>	<u>270,000</u>
Creditors			
Amounts falling due within one year	14	<u>(154,327)</u>	<u>(90,335)</u>
Net current assets		209,369	179,665
Total net assets		<u>293,958</u>	<u>261,174</u>
The funds of the charity:	16		
Restricted funds		380,202	255,708
Unrestricted funds: General fund		(86,244)	5,466
Total funds		<u>293,958</u>	<u>261,174</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 applicable to small companies.

The financial statements were authorised for issue and approved by the Board of Directors on 05 December 2016 and signed on its behalf by:


B C Beveridge
Director

Company Number: SC181779

The notes on pages 11 to 20 form part of these financial statements.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

STATEMENT OF CASH FLOWS

for the year ended 31 July 2016

	Note	2016 £	2016 £	2015 £
Cash flows from operating activities				
Net cash provided by operating activities	19		6,776	146,183
Cash flows from investing activities:				
Dividends, interest and rents from investments		2,162		1,837
Proceeds from sale of investments		-		5,220
Purchase of investments		-		(6,059)
Net cash provided by investing activities			<u>2,162</u>	<u>998</u>
Change in cash and cash equivalents in the reporting period			<u>-8,938</u>	<u>147,181</u>
Cash and cash equivalents at the beginning of the reporting period			<u>268,774</u>	<u>121,593</u>
Cash and cash equivalents at the end of the reporting period			<u><u>277,712</u></u>	<u><u>268,774</u></u>
			2016 £	2015 £
Represented by:				
Cash at bank			275,536	267,580
Cash held as part of investment portfolio			2,176	1,194
			<u><u>277,712</u></u>	<u><u>268,774</u></u>

The notes on pages 11 to 20 form part of these financial statements.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

1. General information

The Edinburgh Academy Foundation is a company limited by guarantee and has no share capital. The charitable company is incorporated in Scotland. The registered office is 42 Henderson Row, Edinburgh, EH3 5BL.

2. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and the Companies Act 2006.

The Edinburgh Academy Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and the Companies Act 2006 and referred to below as "previous UK GAAP". There were no significant financial effects of the transition to FRS 102.

Going concern

The charitable company relies on the continued financial support of The Edinburgh Academy and the Directors are not aware of any reason why this support would not continue for a period at least one year from the date of approval of the financial statements. The charitable company has forecast positive cash flows for the period to 31 July 2017 and is expected to generate a surplus in that period. The directors are of the opinion that the charitable company can continue to meet its obligations as they fall due for the foreseeable future. As a consequence the directors have prepared the financial statements under the going concern basis.

Recognition and allocation of income

Income is recognised when the charitable company has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably. Where practicable, income is related to the operating activities of the charitable company.

Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the charitable company's control and there is sufficient evidence that they have been met or will be met. Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable.

Where there are terms placed on income that limit the charitable company's discretion over how that income can be used, that income is shown as restricted income in the accounts.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

1. Principal accounting policies (continued)

Recognition and allocation of income (continued)

Entitlement to legacies and donations exists when the charitable company has sufficient evidence that a gift has been left, the executor is satisfied that the gift will not be required to satisfy claims on the estate and any conditions are within the control of the charitable company or have been met.

Legacy income is measured at fair value, generally the cash amount receivable, and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.

Dividends and interest income are credited to the revenue account when the right to receipt is established and is measured at fair value, generally the transaction value.

Recognition and allocation of expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for it. The charitable company is not registered for VAT and accordingly costs are shown gross of irrecoverable VAT. All costs are allocated directly between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

Raising funds comprises those costs which are associated with the generation of income from sources other than from undertaking charitable activities, and includes costs of attracting sponsorship and other private donations and trading costs.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its charitable activities and services.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company, such as audit fees.

Donations payable

Donations and other income received for restricted purposes for the benefit of The Edinburgh Academy are donated to The Edinburgh Academy. Further donations are made at the discretion of the directors, depending on available funds and the requirements of The Edinburgh Academy.

Unrestricted funds and restricted funds

Unrestricted funds are donations and other income generated for the objects of the charitable company without further specified purpose and are available to be used at the discretion of the directors.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure that meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Designated funds have been designated by the directors for specific future expenditure.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

2. Principal accounting policies (continued)

Investments

Investments in securities are measured initially at cost and subsequently at fair value at each reporting date. Fair value is taken as the mid-market value of the investment reported by the investment managers at the reporting date. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities in the period to which they relate.

Tangible fixed assets

Items of equipment are capitalised and written off over their expected useful lives. Equipment costing under £500 is not capitalised in the balance sheet and is written off to revenue when the expenditure is incurred. All fixed assets are initially recorded at cost.

Depreciation: The cost of tangible fixed assets is written off using the straight-line method at the rate of 20%.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investment managers which are readily convertible, being those with maturities of three months or fewer from inception.

Cash and cash equivalents are measured at amortised cost, based on the relevant exchange rates at the reporting date.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Financial assets and financial liabilities

Financial instruments are recognised in the statements of financial activities when the charitable company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are accounted for as set out below.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial asset are derecognised when the contractual rights to the cash flows from the asset expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Taxation

The company is a charity and is exempt from taxation on the whole of its income.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

3. Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The only estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the recognition of legacies. Legacy income is measured at fair value, but where part of a legacy left to the charitable company includes property or shares to be sold, judgement is used to estimate the amount receivable.

4. Comparative statement of financial activities

	Unrestricted Funds £	Restricted Funds £	2015 Total Funds £
Income and endowments from:			
Donations and legacies	60,325	126,349	186,674
Other trading activities	470	2,734	3,204
Investments	1,837	-	1,837
Total income	62,632	129,083	191,715
Expenditure on:			
Raising funds	104,449	-	104,449
Charitable activities	14,831	-	14,831
Total expenditure	119,280	-	119,280
Net gains on investments	7,001	-	7,001
Net (expenditure)/ income	(49,647)	129,083	79,436

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

5. Income from donations and legacies

	Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Donations and grants	26,634	190,818	217,452	175,674
Legacies	70,000	75,313	145,313	11,000
	<u>96,634</u>	<u>266,131</u>	<u>362,765</u>	<u>186,674</u>

6. Expenditure on raising funds

	Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Fundraising events	8,125	780	8,905	9,284
Marketing and advertising	6,524	-	6,524	6,116
Postage and stationery	497	-	497	1,140
Investment manager fee	505	-	505	486
Staff costs (Note 10)	72,707	4,566	77,273	69,491
Sundry costs	14,587	-	14,587	13,340
Governance costs (Note 8)	4,232	-	4,232	4,592
	<u>107,177</u>	<u>5,346</u>	<u>112,523</u>	<u>104,449</u>

7. Expenditure on charitable activities

During the year, donations amounting to £230,122 (2015: £14,831) were made to The Edinburgh Academy. Donations to The Edinburgh Academy were made to the following specific funds within the Edinburgh Academy:

	2016 £	2015 £
General Bursary and Scholarship Fund	-	14,831
Pavilion Fund	211,300	-
All Weather Pitches Fund	5,670	-
Golf Training Area Fund	13,152	-
	<u>230,122</u>	<u>14,831</u>

The General Bursary and Scholarship Fund figure represents the amount payable under the policy of donating 25% of unrestricted donation and legacy income to that fund. As described in the Financial Review section of the Directors' Report, the policy was suspended in 2015-16.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

8. Governance costs

	Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Audit fee	4,017	-	4,017	4,380
Professional fees	215		215	212
	<u>4,232</u>	<u>-</u>	<u>4,232</u>	<u>4,592</u>

9. Net income for the year

This is stated after charging:

	2016 £	2015 £
Auditor's remuneration	4,017	4,380
Depreciation	<u>2,582</u>	<u>2,582</u>

10. Staff costs

All persons working on behalf of the company are employees of The Edinburgh Academy Foundation and The Edinburgh Academy. The payroll function of The Edinburgh Academy Foundation is administered by The Edinburgh Academy. The Edinburgh Academy recharged The Edinburgh Academy Foundation £77,273 (2015: £69,491) for the salary costs for the period.

The total employment benefits of the key management personnel recharged to The Edinburgh Academy Foundation, including employer pension contributions, were £29,019 (2015: £28,541).

The directors did not receive any remuneration or reimbursement of expenses during the current or previous periods.

11. Tangible fixed assets

	Office equipment £
Cost	
At 1 August 2015 & 31 July 2016	<u>12,912</u>
Depreciation	
At 1 August 2015	5,036
Charge for year	<u>2,582</u>
At 31 July 2016	<u>7,618</u>
Net book value	
At 31 July 2016	<u>5,294</u>
At 31 July 2015	<u>7,876</u>

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

12. Fixed asset investments

	2016 £	2015 £
Quoted investments		
Market value at 1 August 2015	72,439	64,569
Additions at cost	-	6,089
Disposal proceeds	-	(5,220)
Net investment gains	4,680	7,001
	<hr/>	<hr/>
Market value at 31 July 2016	77,119	72,439
Cash held as part of investment portfolio	2,176	1,194
	<hr/>	<hr/>
	<u>79,295</u>	<u>73,633</u>

The board of directors consider there to be no material restrictions on the realisation of these assets. All investments are held in the United Kingdom.

13. Debtors

	2016 £	2015 £
Accrued Income	86,812	-
Donations and legacies receivable	-	2,055
Prepayments	1,348	365
	<hr/>	<hr/>
	<u>88,160</u>	<u>2,420</u>

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Due to The Edinburgh Academy	148,903	84,794
Trade creditors	908	532
Other creditors and accruals	4,516	5,009
	<hr/>	<hr/>
	<u>154,327</u>	<u>90,335</u>

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

15. Financial assets and liabilities

	2016 £	2015 £
Financial assets at fair value	79,295	73,633
Financial assets at amortised cost	362,349	269,635
Financial liabilities at amortised cost	(154,327)	(90,335)
	<u>287,317</u>	<u>252,933</u>

Financial assets at fair value comprise of quoted investments which are measured at market value at the year end.

Financial assets at amortised cost comprise cash, accrued income and other debtors, all due within one year.

Financial liabilities at amortised cost comprise trade creditors, other creditors, accruals and amount due to Edinburgh Academy.

16. Statement of funds

	Balance at 1 August 2015 £	Income £	Expenditure £	Gains on invest- ments £	Balance at 31 July 2016 £
Restricted funds					
School Buildings and Facilities	5,582	-	-	-	5,582
All weather pitch / Blair House Fund	5,670	-	(5,670)	-	-
Scholarship and Bursary Fund	14,365	-	(4,566)	-	9,799
The Eric Stevenson Appeal Fund	31,620	20,783	-	-	52,403
TO24	56,107	19,103	-	-	75,210
2024 Club	3,723	1,111	-	-	4,834
New Field	138,591	100	(120,344)	-	18,347
Spirit of Adventure	50	1,969	(780)	-	1,239
Library	-	137,500	-	-	137,500
Golf Training Area	-	13,127	(13,152)	-	(25)
Music	-	1,000	-	-	1,000
Science Centre	-	74,313	-	-	74,313
Total restricted funds	<u>255,708</u>	<u>269,006</u>	<u>(144,512)</u>	<u>-</u>	<u>380,202</u>
Designated funds					
New Field	10,000	80,956	(90,956)	-	-
Unrestricted funds					
General fund	(4,534)	20,787	(107,177)	4,680	(86,244)
Total unrestricted funds	<u>5,466</u>	<u>101,743</u>	<u>(198,133)</u>	<u>4,680</u>	<u>(86,244)</u>
Total funds	<u><u>261,174</u></u>	<u><u>370,749</u></u>	<u><u>(342,645)</u></u>	<u><u>4,680</u></u>	<u><u>293,958</u></u>

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

17. Statement of funds (continued)

The School Buildings and Facilities fund raises money for The Edinburgh Academy's buildings and other facilities.

The All Weather Pitch / Blair House fund is to be used for either all-weather sports facilities or for Blair House, at the discretion of the Rector.

The Scholarship and Bursary Fund raises money to be used for the provision of scholarships and bursaries to pupils of The Edinburgh Academy. The income from the lottery is included in this fund.

The Eric Stevenson Appeal Fund is to be used to encourage donations to the Scholarship and Bursary Fund on a "matched funding" basis.

The TO24 fund represents a new Campaign introduced in October 2013 to raise £24m for endowment, for Scholarships & Bursaries and for capital builds.

The 2024 Club fund represents a dedicated income stream where donors pay a regular monthly sum, initially £15.35 when set up in October 2013 at the Founders' Dinner. Donors now pay either £15.35 or £20.24 a month.

The New Field campaign is to raise £1.5m for New Field Pavilions. Amounts received specifically for this purpose are held in the New Field restricted fund. Amounts earmarked by the trustees for this purpose are held in the New Field Designated fund.

Following the appointment of a Head of Outdoor Education, the EAF created The Spirit of Adventure Fund as a funding stream to enhance delivery of this extra-curricular programme.

Library Fund: represents restricted and designated funds to support the capital campaign Phase 1 to extend the EA Library

Science Centre: represents restricted and designated funds to support the capital campaign Phase 1 to extend the James Clerk Maxwell Science Centre.

Golf Training Area: represents funds raised in spring/summer 2016 by EA Golf Club and EA Parents' Association for the provision of a golf training area for pupils at the rear of the Senior School site. The training area opened in June 2016.

Music Fund: A legacy of £1,000 received with the donor having requested the legacy be used to support music provision within the School.

18. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	5,294	-	5,294
Investments	79,295	-	79,295
Net current (liabilities)/assets	(170,833)	380,202	209,369
Net assets at 31 July 2016	(86,244)	380,202	293,958

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2016

19. Reconciliation of net income to net cash flow from operating activities

	2016 £	2015 £
Net income for the year	32,784	79,436
Investment income	(2,162)	(1,837)
Adjustments for:		
Depreciation	2,582	2,582
Gain on investments	(4,680)	(7,001)
(Increase)/decrease in debtors	(85,740)	7,657
Increase in creditors	63,992	65,346
Net cash provided by operating activities	6,776	146,183

20. Related parties

The Edinburgh Academy Foundation is a related party of The Edinburgh Academy by virtue of the Academy's representation on the Board of Directors (as noted on page 2) and the administration of the company by employees of the Academy.

Donations of £230,122 (2015: £14,831) were made during the year to The Edinburgh Academy. Charges by The Edinburgh Academy for staff costs are disclosed in notes 6 and 10. In addition, The Edinburgh Academy recharged other administrative costs of £4,698 (2015: £9,722) to The Edinburgh Academy Foundation in the year. During the year Edinburgh Academy Foundation recharged £931 of marketing and advertising costs to The Edinburgh Academy (2015: £6,000). £148,903 (2015: £84,794) was due to The Edinburgh Academy at the year end.

During the year, expenditure recharges of £1,139 (2015: £1,430) were invoiced from Edinburgh Academy Enterprises Limited, a subsidiary of The Edinburgh Academy. £nil (2015: £nil) was due to Edinburgh Academy Enterprises Limited at the year end.

The charity received a donation of £2,000 (2015: £77,024) from one (2015: two) director of the company in the year.

The company also paid investment management fees totalling £505 (2015: £486) to Brewin Dolphin. Mr A Tod, who was a director of the company during the year, is a director of Brewin Dolphin.

21. Contingent assets

As at 31 July 2016 the Trust has been notified of two potential residuary legacies the value of which is uncertain as the executor is awaiting sale of assets held in the estate, but it is unlikely to exceed £130,000 in total. At the signing date of the financial statements uncertainty exists regarding the valuation of the bequests and as a result they have been excluded from the financial statements.

22. Non-audit services

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.