

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

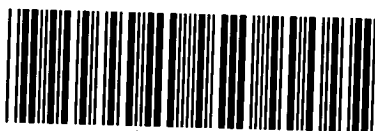
Annual report and financial statements

for the year ended 31 July 2021

Company Number: SC181779

Charity Number: SC027543

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THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 2021

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THE EDINBURGH ACADEMY FOUNDATION
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DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2021

The directors, who are also trustees of the charitable company for the purposes of charitable law, present their report and the audited financial statements for the year ended 31 July 2021.

Objects and Activities

The company's objectives 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 August 2018, the Edinburgh Academy was granted planning permission for the extension of the Science Centre and the Library buildings. In the summer of 2020, the School carried out the first phase of this project and successfully converted the Science Lecture Theatre into two teaching laboratories. The School has been in campaign mode to raise funds for the next phase of the project which is expected to cost in the region of £4.6m. It had been planned that this ambitious project would commence in June 2020 but it has been delayed due to the impact of the pandemic. Work eventually started in July 2021 and is expected to be completed in August 2022. As noted in last year's report it is the Foundation's intention to actively support this project with financial donations. It is recognised that this is a much-needed development for the School as it will deliver a collaborative learning and multi-use engagement space created to encourage critical thinking, to provide a dynamic resource for students as well as increased capacity for examinations and teaching.

It is anticipated that this build will also bring considerable community benefits by increasing opportunities for the wider public and local organisations to make increased usage of the facilities.

We continue to be immensely proud of our Academical community and our engagement with them increases and strengthens annually. The Edinburgh Academy and the The Edinburgh Academy Foundation ("EA Foundation") are extremely grateful for the generosity of our Academicals and Friends of the Academy. Their support is expressed in donations to Phase 1 of the TO24 Campaign, to our Scholarships & Bursary Fund, and through the legacy bequests received.

Mr Dove, Development Director, has informed the Board that he will step down from his post on 31 December 2021. The Board wish to thank Mr Dove for the contribution he has made and for all the hard work that he has performed fund raising for the EA Foundation. At the time of writing, a replacement for this post is actively being recruited.

Financial review

The Statement of Financial Activities is set out on page 10. The net income for the year on the unrestricted general fund, after gain on investments of £24,045 (2020: loss of £3,249), amounted to £11,703 (2020: £311,145). The restricted fund reported net income of £129,728 (2020: net expenditure of £352,341), giving total net income for the period of £141,432 (2020: net income of £663,486). The unrestricted reserves at the year-end were in surplus of £419,258 (2020: £407,555), and restricted funds were in surplus of £752,066 (2020: £632,337).

THE EDINBURGH ACADEMY FOUNDATION
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DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2021

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 top two risks that the Trustees have considered are:

- Investment risk and failure to diversify the portfolio sufficiently to withstand sudden movement in the market. This is mitigated through the agreed investment policy which is reviewed annually with the Investment Managers. The Trustees review the portfolio on a six-monthly basis to ensure that it is in line with the policy.
- Compliance risk which is mitigated through the engagement of professional advisors particularly in the area of tax to ensure that the Trustees meet all their obligations.

Financial review (continued)

Principal funding sources

Legacies and donations continue to be our key source of funding.

The Directors are grateful to The Edinburgh Academy which continues to donate staff time and administration premises. The cost of donated staff time, totalling £51,728 (2020: £49,749) is 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.

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 surplus generated in the year which, amounted to £1,637 (2020: £2,291) and £24,045 (2020: loss of £3,249), 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 formation 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

During the next financial year, the EA Foundation will continue to focus on a fund-raising campaign to support Phase 1 of the masterplan.

It is recognised that the Independent School sector is under severe financial pressure with the loss of Business Rates Relief in April 2022 in addition to previous increases in employers' contributions to the Scottish Teachers' Pension Scheme. In order to best support the School at this time, the efforts of the EA Foundation will also be to develop regular giving to the EA Foundation to ensure a steady, unrestricted income stream. This will be a major focus of work in the next 24 months.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2021

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. 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.

Structure, Governance and Management (continued)

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.

Directors' Induction and Training

Most directors are already familiar with the work of the company. On appointment, all new Trustees will be given the Office of the Scottish Charity Regulator Guidance for Charity Trustees and given an opportunity to discuss the responsibilities highlighted within that document with the Chairman and the Secretary. All Trustees will be offered training which will be coordinated by the Secretary.

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

M W Gregson

Board of Directors

M W Gregson

L H Htet-Khin

J L Rowan

S J Sutherland

A M R Tod

B Welsh

A J Loudon

Development Director

G Dove

Company Number

SC181779

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2021

Registered Office

42 Henderson Row
Edinburgh
EH3 5BL

Charity Number

SC027543

Independent Auditor

Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Investment Managers

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

Solicitors

MBM Commercial LLP
Fifth floor, 125 Princes Street
Edinburgh
EH2 4AD

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2AD

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' ANNUAL REPORT

for the year ended 31 July 2021

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 Directors' Annual Report 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


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 the financial statements may differ from legislation in other jurisdictions.

In the case of each of the persons who are trustees at the time when the Directors' Annual Report is approved:

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

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 29 November 2021


M W Gregson
Director

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

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

Opinion

We have audited the financial statements of The Edinburgh Academy Foundation for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2021 and the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Directors' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Annual Report.

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:

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

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

Responsibilities of directors

As explained more fully in the Statement of Responsibilities of the Board of Directors set out on page 4, the directors (who are the directors for the purposes of company law and trustees 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have 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 the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- reviewing minutes of meetings of those charged with governance;
- assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

- performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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 to the charitable company's directors, 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, as a body, and the charitable company's directors, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Harkness

Michael Harkness (Senior Statutory Auditor)

for and on behalf of

Azets Audit Services, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

29 November 2021

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure)

for the year ended 31 July 2021

	Note	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Income and endowments from:					
Donations and legacies	5	56,295	129,728	186,023	729,947
Investments		1,638	-	1,638	2,726
Total		<u>57,933</u>	<u>129,728</u>	<u>187,661</u>	<u>732,673</u>
Expenditure on:					
Raising funds	6	60,293	-	60,293	65,938
Charitable activities	7	-	9,982	9,982	-
Total		<u>60,293</u>	<u>9,982</u>	<u>70,275</u>	<u>65,938</u>
Net gains/(losses) on investments		24,045	-	24,045	(3,249)
Net income		<u>21,685</u>	<u>119,746</u>	<u>141,431</u>	<u>663,486</u>
Reconciliation of funds:	14				
Total funds brought forward		407,555	632,337	1,039,892	376,406
Total funds carried forward		<u>429,240</u>	<u>752,083</u>	<u>1,181,323</u>	<u>1,039,892</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 13 to 22 form part of these financial statements.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

BALANCE SHEET

as at 31 July 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	11	415,442	390,510
<i>Total fixed assets</i>		415,442	390,510
Current assets			
Cash at bank		779,713	653,382
<i>Total current assets</i>		779,713	653,382
Creditors			
Amounts falling due within one year	12	(13,832)	(4,000)
Net current assets		765,881	649,382
Total net assets	15	1,181,323	1,039,892
The funds of the charity:	14		
Restricted funds		752,083	632,337
Unrestricted funds: General fund		429,240	407,555
Total funds		1,181,323	1,039,892

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 29 November 2021 and signed on its behalf by:



M W Gregson
Director

Company Number: SC181779

The notes on pages 13 to 22 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 2021

	Note	2021 £	2020 £
Cashflows from operating activities			
Net cash provided by operating activities	16	125,580	712,511
Cashflows from investing activities			
Interest and dividends		1,638	2,726
Fixed asset investment additions		(16,590)	(22,645)
Fixed asset investment disposals - proceeds		18,191	13,657
Net cash provided by/(used in) investing activities		3,239	(6,262)
Change in cash and cash equivalents in the reporting period		128,819	706,249
Cash and cash equivalents at the beginning of the reporting period		939,672	233,423
Cash and cash equivalents at the end of the reporting period		1,068,491	939,672
Represented by:			
Cash at bank and in hand		779,713	653,382
Cash held as part of investment portfolio		288,778	286,290
		1,068,491	939,672

The notes on pages 13 to 22 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 2021

1. General information

The Edinburgh Academy Foundation (SC181779) is a company limited by guarantee and has no share capital. The charitable company is incorporated in the United Kingdom and is registered in Scotland with the Office of Scottish Charity Regulator (OSCR) under charity number SC027543. The liability of each member in the event of winding-up is limited to £1. The registered office is 42 Henderson Row, Edinburgh, EH3 5BL.

The principal activity of the charitable company is raise funds for specific projects within The Edinburgh Academy and to support The Edinburgh Academy Bursary and Scholarship Fund.

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, 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.

The charity has no financing debt, accordingly a reconciliation of net debt is not prepared.

Going concern

The charitable company relies on the continued financial support of The Edinburgh Academy provided in the form of staff and facilities costs borne by the School and not charged to the Foundation. 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 significant cash reserves and net current assets in excess of £765,000 as at 31 July 2021. The significant level of reserves together with forecast surplus on unrestricted funds for the period to 31 July 2022 provide evidence to support the directors 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. This assessment includes the expected impact of Covid-19.

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.

THE EDINBURGH ACADEMY FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

2. Principal accounting policies (continued)

Recognition and allocation of income (continued)

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.

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.

Expenditure on 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.

Expenditure on charitable activities comprises those costs incurred by the charitable company in the delivery of its charitable objectives and activities.

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
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

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 FRS 102.

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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

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

2020		Unrestricted Funds £	Restricted Funds £	2020 Total Funds £
Income and endowments from:				
Donations and legacies	5	377,606	352,341	729,947
Investments		2,726	-	2,726
Total		380,332	352,341	732,673
Expenditure on:				
Expenditure on:				
Raising funds	6	65,938	-	65,938
Total		65,938	-	65,938
Net gains on investments		(3,249)	-	(3,249)
Net income		311,145	352,341	663,486

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for the year ended 31 July 2021

5. Income from donations and legacies

2021

	Unrestricted Funds £	Restricted Funds £	2021 Total £
Donations and grants	56,295	119,728	186,023
Legacies	-	10,000	-
	<u>56,295</u>	<u>129,728</u>	<u>186,023</u>

2020

	Unrestricted Funds £	Restricted Funds £	2020 Total £
Donations and grants	75,636	352,341	427,977
Legacies	301,970	-	301,970
	<u>377,606</u>	<u>352,341</u>	<u>729,947</u>

Included within donations and grants is an amount of staff costs totalling £51,728 (2020: £49,749) donated by The Edinburgh Academy (see Note 10).

6. Expenditure on raising funds

	2021 Unrestricted Total £	2020 Unrestricted Total £
Fundraising events	-	5,339
Postage and stationery	-	717
Investment manager fee	959	655
Staff costs (Note 10)	51,728	49,749
Sundry costs	2,116	4,688
Governance costs (Note 8)	5,490	4,790
	<u>60,293</u>	<u>65,938</u>

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for the year ended 31 July 2021

7. Expenditure on charitable activities

During the year, donations amounting to £9,982 (2020: £nil) were made to The Edinburgh Academy. Donations to The Edinburgh Academy were made to the following specific funds within the Edinburgh Academy:

	2021 Restricted Total £	2020 Restricted Total £
Bursary Fund	9,982	-
	<u>9,982</u>	<u>-</u>

8. Governance costs

	2021 Unrestricted Total £	2020 Unrestricted Total £
Audit fee and related costs	5,490	4,582
Professional fees	-	208
	<u>5,490</u>	<u>4,790</u>

9. Net income for the year

This is stated after charging:	2021 £	2020 £
Auditor's remuneration	<u>4,575</u>	<u>4,050</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. Staff costs totalling £51,728 (2020: £49,749) were donated by The Edinburgh Academy to The Edinburgh Academy Foundation.

During the year no directors (2020: none) were reimbursed for expenses or received any remuneration.

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for the year ended 31 July 2021

11. Fixed asset investments

	2021 £	2020 £
Quoted investments		
Market value at 1 August	104,220	98,481
Additions at cost	16,590	22,645
Disposal proceeds	(18,191)	(13,657)
Net investment gains	24,045	(3,249)
Market value at 31 July	<u>126,664</u>	<u>104,220</u>
Cash held as part of investment portfolio	<u>288,778</u>	<u>286,290</u>
	<u><u>415,442</u></u>	<u><u>390,510</u></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.

12. Creditors: amounts falling due within one year

	2021 £	2020 £
Due to The Edinburgh Academy	9,982	-
Other creditors and accruals	3,850	4,000
	<u>13,832</u>	<u>4,000</u>

13. Financial assets and liabilities at fair value through net income

	2021 £	2020 £
Quoted investments	<u>126,664</u>	<u>104,220</u>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2021

14. Statement of funds

2021	Balance at 1 August 2020 £	Income £	Expenditure £	Gain on invest- ments £	Balance at 31 July 2021 £
Restricted funds					
Scholarship and Bursary Fund	36,319	10,235	(9,982)	-	36,572
The Eric Stevenson Appeal Fund	33	-	-	-	33
TO24	573,003	119,493	-	-	692,496
2024 Club	5,344	-	-	-	5,344
Music	12,400	-	-	-	12,400
Other restricted funds	5,238	-	-	-	5,238
Total restricted funds	632,337	129,728	(9,982)	-	752,083
Unrestricted funds					
General fund	407,555	57,933	(60,293)	24,045	429,240
Total unrestricted funds	407,555	57,933	(60,293)	24,045	429,240
Total funds	1,039,892	187,661	(70,275)	24,045	1,181,323

2020	Balance at 1 August 2019 £	Income £	Expenditure £	Loss on invest- ments £	Balance at 31 July 2020 £
Restricted funds					
Scholarship and Bursary Fund	15,461	20,858	-	-	36,319
The Eric Stevenson Appeal Fund	33	-	-	-	33
TO24	246,520	326,483	-	-	573,003
2024 Club	5,344	-	-	-	5,344
Music	12,400	-	-	-	12,400
Other restricted funds	238	-	-	-	238
Total restricted funds	279,996	352,341	-	-	632,337
Unrestricted funds					
General fund	96,410	380,332	(65,938)	(3,249)	407,555
Total unrestricted funds	96,410	380,332	(65,938)	(3,249)	407,555
Total funds	376,406	732,673	(65,938)	(3,249)	1,039,892

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for the year ended 31 July 2021

14. Statement of funds (continued)

The Scholarship and Bursary Fund raises money to be used for the provision of scholarships and bursaries to pupils of The Edinburgh Academy.

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. Included within this are funds towards Phase 1 of the development to extend the Edinburgh Academy Library and the James Clerk Maxwell Science Centre.

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.

Music Fund: represents restricted funds to be used support music provision within the School, specifically including the Piano and Organ refurbishment.

Other restricted funds: throughout the year, the Foundation receives a number of donations for various specific projects relating to sports and education. Full details of the individual restricted funds are available on request from the registered office.

15. Analysis of net assets between funds

2021	Unrestricted funds £	Restricted funds £	Total funds £
Investments	415,442	-	415,442
Net current assets	13,798	752,083	765,881
Net assets at 31 July 2021	429,240	752,083	1,181,324
2020	Unrestricted funds £	Restricted funds £	Total funds £
Investments	390,510	-	390,510
Net current (liabilities)/assets	17,045	632,337	649,382
Net assets at 31 July 2020	407,555	632,337	1,039,892

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2021

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

	2021 £	2020 £
Net income for the year	141,431	663,486
Adjustments for:		
(Gain)/loss on investments	(24,045)	3,249
Decrease in debtors	-	49,350
Increase/(decrease) in creditors	9,832	(848)
Interest and dividends	(1,638)	(2,726)
	<hr/>	<hr/>
Net cash provided by operating activities	<u>125,580</u>	<u>712,511</u>

17. 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 £9,982 (2020: £nil) were made during the year to The Edinburgh Academy. There were no charges by The Edinburgh Academy for staff costs in the current year. Staff costs totalling £51,728 (2020: £49,749) were donated by The Edinburgh Academy during the year.

No directors were remunerated in the year (2020: none) nor were any expenses reimbursed (2020: £nil). Total donations of £3,100 were received from directors (2020: £12,000) towards the TO24 fund.

18. 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.