

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 August 2012**

**FOR**

**ESSA ACADEMY  
(a company limited by guarantee)**

**COMPANY REGISTERED NUMBER: 06731593**



FRIDAY



\*A20C4QUG\*

A05

18/01/2013

#326

COMPANIES HOUSE

## **ESSA ACADEMY**

### **INDEX TO THE FINANCIAL STATEMENTS**

	<b>Page</b>
<b>Reference and Administrative Information</b>	<b>1</b>
<b>Report of the Governors</b>	<b>2 - 7</b>
<b>Governance Statement</b>	<b>8 – 10</b>
<b>Statement on Regularity, Propriety and Compliance</b>	<b>11</b>
<b>Statement of Governors' Responsibilities</b>	<b>12</b>
<b>Independent Auditor's Reports</b>	<b>13 - 15</b>
<b>Statement of Financial Activities</b>	<b>16</b>
<b>Balance Sheet</b>	<b>17</b>
<b>Cash Flow Statement</b>	<b>18</b>
<b>Principle Accounting Policies</b>	<b>19 - 21</b>
<b>Notes to the Financial Statements</b>	<b>22 - 36</b>

## ESSA ACADEMY

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS

#### Governors (Trustees)

\* = members of the Finance Committee

+ = director at Companies House

Mr Adam Umarji +  
Councillor Mike Francis  
Mr Anwer Patel \* +  
Mr Craig Fishwick \* +  
Mr Latif Jiva +  
Councillor Madeline Murray  
Mr Steve Wild \* +  
Mr Yakub Patel \* +  
Mrs Bilkiss Lakhi  
Miss Sarah Towers  
Dr George Holmes  
Professor Iqbal Memon

parent governor – end of term of office 31 08 12

#### Senior Leadership Team

Principal Mr Showk Badat  
Deputy Principal Mr Jeffrey Ellis  
Director Mr Abdul Chohan  
Finance Director Mr David Mole  
HR Director Ms Bernadette Sansome  
Director Ms Donna Barber  
Director Ms Gwen Grills  
Director Ms Sandra Reid  
Director Mr Andrew Peet  
Exams and Information Officer Ms Justine Hatter

left 31 03 12

#### Registered Office

Lever Edge Lane  
Bolton  
BL3 3HH

#### Academy Site

Lever Edge Lane  
Bolton  
BL3 3HH

#### Company Registration Number.

06731593 (England and Wales)

#### Auditors

RSM Tenon Audit Limited  
2 Wellington Place  
Leeds  
LS1 4AP

#### Bankers

Lloyds TSB  
Hotel Street  
Bolton  
BL1 1DB

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Year Ended 31 August 2012**

The governors present their report together with the financial statements of the charitable company for the year ended 31 August 2012. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 14 to 16 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Constitution**

The Academy was incorporated on 23 October 2008 as a company limited by guarantee with no share capital (registration no. 06731593). The Academy was registered with the Charities Commission on 8 December 2008 as a registered charity (registration no. 1127085). The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The initial Members of the charitable company were nominated by ESSA Foundation who are the sponsors of the Academy. Subsequent Members are nominated by unanimous decision of the existing Members. The articles of association require the Members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

##### **Principal Activity**

The principal object and activity of the charitable company is the operation of ESSA Academy to provide education for pupils of different abilities between the ages of 11 and 16 with an emphasis on Science and Languages.

##### **Members' liability**

Each Member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a Member.

##### **Governors**

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The Governors who were in office at 31 August 2012 and served during the year are listed on page 1.

During the year under review the Governors held four meetings. In addition, there have been various facilitated training events for the Governors. The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

##### **Organisational Structure**

The Academy's unified management structure consists of two levels, the Governors, the Senior Leadership Team ('SLT') and the Strand Leadership Team (a strand is one or more related curriculum areas). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Year Ended 31 August 2012 (continued)**

#### **Organisational Structure (continued)**

The SLT comprises the Principal, the Deputy Principal, four Directors, the Finance and HR Directors and the Exams and Information Officer. The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts within the SLT always include a member of the Governing Body. Some spending and budgetary control is devolved to the Senior Departmental Team, with limits above which, the Principal must countersign.

The Strand Leadership Team, which comprises all the Heads of Strands (curriculum areas), reports to the SLT and is responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

#### **Connected organisations**

ESSA Foundation is sponsor to ESSA Academy. ESSA Education Limited is a subsidiary undertaking of the Academy.

#### **Risk management**

The Academy has a formal, written Risk Register. In this Register, the Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy. The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

#### **Auditor**

The Governors confirm that, so far as they are aware -

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

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Year Ended 31 August 2012 (continued)**

#### **OBJECTIVES AND ACTIVITIES**

##### **Objects, aims and objectives**

The principal object and activity of the charitable company is the operation of ESSA Academy to provide education for pupils of different abilities between the ages of 11 and 16 with an emphasis on Science and Languages

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Children Schools and Families. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications

The main objectives of the Academy for its first three years of operation are summarised below

- to raise achievement and aspirations for all through the use of innovation and new technologies,
- to raise the profile of ESSA Academy within the local, national and international communities,
- to deliver a personalised curriculum which is fit for the 21<sup>st</sup> Century through an outstanding learning infrastructure,
- to secure wellbeing for all through the development of Social Capital, and
- to secure ESSA Academy as a creative and vibrant multicultural learning community

##### **Strategies and activities**

The Academy's main strategy is encompassed in its mission statement which is 'To transform the learning and life opportunities of students'

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit

ESSA Academy is non-selective and offers all students a broad curriculum, with specialisms in languages and science. The students who attend live mainly in South Bolton although some travel from further afield. To assist academic study, the Academy runs revision and course clinic sessions. The Academy offers its students activities and experiences beyond the academic, with coaching in various sports including cricket football, rock-climbing and boxing. Students are also encouraged to take part in the Duke of Edinburgh Awards Scheme. Various visits and other offsite activities are organised to broaden and deepen students' life experiences and to stimulate their imagination and learning. Students will also take part in community-based activities, designed to put something back into the locality.

##### **Public Benefit**

The governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced and relevant to the needs and aspirations of all our learners

##### **Compliance statement**

We acknowledge as Governors that the Academy has complied with the Charities Commission's public benefit requirements during the year

##### **Equal opportunities policy**

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued

## ESSA ACADEMY

### REPORT OF THE GOVERNORS For the Year Ended 31 August 2012 (continued)

#### Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

#### ACHIEVEMENTS AND PERFORMANCE

##### Key Performance Indicators

The Academy strives to improve outcomes for its young people. The percentage of pupils gaining 5 A\*-C including English and Maths fell slightly from 56% in 2011 to 50% in 2012, attributable to the well publicised reduction in English gradings nationally. If this is taken into account the outcome would have been 63%. This year saw the percentage of pupils gaining at least 5 A\*-C fall slightly to 97% (2011 – 99.5%). Raise Online pupil attainment shows the following increases

	Matched Pupils Value Added (Percentile Ranks) Key Stage 2 to Key Stage 4 5 A* -C incl English and Maths Prior Attainment
2008/09	55th
2009/10	3rd
2010/11	2nd
2011/12	27th

This level of value added is classed as significantly higher than expectation.

#### New Building

During the year the Academy moved into a new building, specifically designed to facilitate delivery of the curriculum and allow passive management of students and self-regulatory behaviour. Use of state of the art ICT inside and outside the classroom facilitates better teaching and learning.

#### FINANCIAL REVIEW

##### Financial report for the year

The majority of the Academy's income is obtained from the Education Funding Agency ('EFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA, and from other government bodies. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

During the year ended 31 August 2012, total expenditure of £5,834k (2011 - £5,628k) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted endowment and fixed asset funds) was £31k (2011 - £216k).

At 31 August 2012 the net book value of fixed assets was £418k (2011 - £537k) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Under accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the Unrestricted Fund. This resulted in the pension fund showing a deficit of £61k (2011 - £328k surplus) which has been carried forward to 2012. It should be noted that this does not present a liquidity problem for the Academy and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future years. If the pension deficit and related charges were taken out, the Restricted Fund would show a surplus of £775k (2011 - £916k).

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Year Ended 31 August 2012 (continued)**

#### **Reserves policy and financial position**

##### **Reserves policy**

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 2% of GAG, approximately £100k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £144k (2011 – £10k).

##### **Financial position**

The Academy held fund balances at 31 August 2012 of £1,383k (2011 - £1,760k) comprising £775k (2011 - £914k) restricted funds, endowment funds of £525k (2011 - £508k), a balance of £144k (2011 – £10k) on unrestricted general funds, and a pension reserve deficit of £61k (2011 – asset of £328k).

Restricted funds excluding fixed assets amount to £296k (2011 - £705k). This is shown in more detail in note 18 to the financial statements.

##### **Going concern**

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **Investment policy**

The Governing Body have delegated authority to the Finance Director to utilise the term deposit arrangements with Lloyds TSB in order that interest receipts are maximised in a low risk investment. Unless authorised by the Governing Body, term deposits will not exceed 12 months and the projected current account balance will not be allowed to fall below £150,000 at any point.

##### **Principal Risks and Uncertainties**

The Academy has continued to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The Responsible Officer undertakes a termly internal audit inspection and oversees a programme of risk review.

A risk register is maintained at the Academy which is reviewed at least annually by the Responsible Officer and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

##### **1 Government funding**

The Academy has considerable reliance on continued government funding through the EFA. In 2011/12, 95% of the Academy's recurrent revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Student numbers are the key driver of EFA funding and every effort is made to ensure our current stable main school student numbers are protected. Maintaining and growing the numbers of students in our Sixth Form is a critical priority for the Academy, particularly in the light of future cuts in 16-19 funding.
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.
- Protecting the Academy from reputational damage is a key component of our risk strategy and this includes an ongoing focus on achieving excellent examination results.



## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Year Ended 31 August 2012 (continued)**

#### **Principal Risks and Uncertainties (continued)**

**2 Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17. We will continue to carefully review the level of exposure to the pension fund deficit.

**3 Minimise the risk of litigation against the Academy**

Management and governors are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, students and other stakeholders are minimised in order to prevent reputational damage and financial loss. Adequate insurance cover remains an absolute necessity.

**4 Ensure diligence in all aspects of Health and Safety compliance**

Management and governors are highly focused on the need to ensure risks of damage to property and persons are minimised by adhering to a robust Health and Safety policy and by calling on expert advice in this area where required.

**5 Ensure ongoing cash solvency**

Management work closely with the academy's external auditor, internal Responsible Officer and Audit Committee to ensure internal controls are in place to minimise the possibility of unexpected financial losses. Furthermore, scrutiny of financial information by the Finance Committee helps to ensure due diligence in all aspects of financial planning and budgeting, including cash management and forecasting.

#### **PLANS FOR FUTURE PERIODS**

To facilitate learning the Academy is due to provide an iPad to each student to facilitate teaching and learning. The curriculum will be further developed to help improve academic standards, using technology such as I-books and other E-learning tools.

#### **AUDITORS**

A resolution will be made at the coming Annual General Meeting to appoint RSM Tenon Audit Limited as auditors for the company for the coming year.

The report of the governors was approved by the governing body on 18 December 2012 and signed on its behalf by



**Mr Anwer Patel  
Chair of Governors**

## ESSA ACADEMY

### GOVERNANCE STATEMENT For the Year Ended 31 August 2012

#### Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that ESSA Academy 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 governing body has delegated the day-to-day responsibility to Mr S Badat, the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between ESSA Academy and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of governors' responsibilities.

The governing body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr Adam Umarji	2	4
Cllr Mike Francis	2	4
Mr Anwer Patel	4	4
Mr Craig Fishwick	3	4
Mr Latif Jiva	4	4
Cllr Madeline Murray	3	4
Mr Steve Wild	4	4
Mr Yakub Patel	4	4
Mrs Bilkiss Lakhı	4	4
Miss Sarah Towers	3	4
Dr George Holmes	1	4
Professor Iqbal Memon	3	4

The HR, Finance and Buildings Committee is a sub-committee of the main governing body. Its purpose is to review the financial position of the academy and to guide and monitor the use of academy resources. There has been no change in membership during the year. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Anwer Patel	8	9
Mr Craig Fishwick	8	9
Mr Steve Wild	8	9
Mr Yakub Patel	7	9

**ESSA ACADEMY**  
**GOVERNANCE STATEMENT (continued)**  
**For the Year Ended 31 August 2012**

**Governors also attend the Education and Welfare Sub-Committee.** Attendance at meetings in the year was as follows

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr Adam Umarji	6	8
Cllr Mike Francis	6	8
Mr Anwer Patel	6	8
Mr Craig Fishwick	7	8
Mr Latif Jiva	8	8
Cllr Madeline Murray	5	8
Mr Steve Wild	6	8
Mr Yakub Patel	6	8
Mrs Bilkiss Lakhi	8	8
Professor Iqbal Memon	2	8

**Statement on the system of internal finance control**

As governors, we acknowledge we have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or disposition,
- The proper records are maintained and financial information used within the Academy or for publication is reliable,
- The Academy complies with relevant laws and regulations

**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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in ESSA Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

**ESSA ACADEMY**  
**GOVERNANCE STATEMENT (continued)**  
**For the Year Ended 31 August 2012**

**The Risk and Control Framework**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The governing body has considered the need for a specific internal audit function and have appointed an internal auditor, Bolton MBC, which operates under the guidance of Mr L Jiva, as the Academy's Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

**Review of Effectiveness**

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

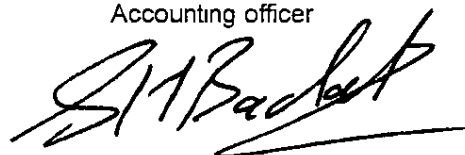
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Responsible Officer and external auditor and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 18 December 2012 and signed on its behalf by

  
**Mr Anwer Patel**  
Chair of Governors

**Mr Showk Badat**  
Accounting officer



**ESSA ACADEMY**  
**Statement on Regularity, Propriety and Compliance**  
**For the Year Ended 31 August 2012**

As accounting officer of ESSA Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA's terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

**Mr Showk Badat**  
Accounting officer



18/12/2012

**ESSA ACADEMY**  
**Statement of Governors' Responsibilities**  
**For the Year Ended 31 August 2012**

The governors (who act as trustees for charitable activities of ESSA Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 18 December 2012 and signed on its behalf by

  
**Mr Anwer Patel**  
Chair of Governors

## **ESSA ACADEMY**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESSA ACADEMY 31 AUGUST 2012**

We have audited the financial statements of ESSA Academy for the year ended 31 August 2012, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Governors and auditors**

The Governors' (who act as trustees for the charitable activities of ESSA Academy and are also the directors of the company for the purposes of company law) responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you in our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice Financial Reporting and Annual Accounts Requirements issued by the Department for Education and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Governors' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Governors' remuneration specified by law are not made.

We read other information contained in the Governors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## ESSA ACADEMY

### REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESSA ACADEMY 31 AUGUST 2012 (continued)

#### Opinion

##### 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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, in respect of the relevant financial year,
- grants made by the Department for Education have been applied for the purposes intended, and
- the information given in the Governors' Report is consistent with the financial statements

*RSM Tenon Audit Ltd*

Mr Alan Dunwell  
Senior Statutory Auditor  
RSM Tenon Audit Limited, Statutory Auditor  
2 Wellington Place  
Leeds  
LS1 4AP

Date 21 December 2012



## **INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF ESSA ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 5 December 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

### **Respective responsibilities of the governing body and Auditors**

The governing body is responsible, under the requirements of the Academies Act 2012, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Basis of opinion**

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

### **Opinion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*RSM Tenon Audit Ltd*

**Alan Dunwell**  
Senior Statutory Auditor  
RSM Tenon Audit Limited, Statutory Auditor  
2 Wellington Place  
Leeds  
LS1 4AP

Date 11 December 2012

# ESSA ACADEMY

## Statement of Financial Activities for the Year to 31 August 2012

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Endowment Fund £000	Restricted Fixed Asset Funds £000	Total 2012 £000	Total 2011 £000
<b>Incoming resources</b>							
<i>Incoming resources from generated funds</i>							
Voluntary income	2	5	-	-	18	23	49
Activities for generating funds	3	241	-	-	-	241	251
Investment income	4	3	-	17	-	20	9
<i>Incoming resources from charitable activities</i>							
Funding for the Academy's educational operations	5	-	5,651	-	-	5,651	5,535
<b>Total incoming resources</b>		<b>249</b>	<b>5,651</b>	<b>17</b>	<b>18</b>	<b>5,935</b>	<b>5,844</b>
<b>Resources expended</b>							
<i>Charitable activities</i>							
Academy's educational operations	6	-	5,514	-	252	5,766	5,452
Defined benefit scheme costs	28	-	115	-	-	115	157
Governance costs	7	-	23	-	-	23	19
<b>Total resources expended</b>		<b>-</b>	<b>5,652</b>	<b>-</b>	<b>252</b>	<b>5,904</b>	<b>5,628</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>249</b>	<b>(1)</b>	<b>17</b>	<b>(234)</b>	<b>31</b>	<b>216</b>
Gross transfers between funds	18	(115)	-	-	115	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		<b>134</b>	<b>(1)</b>	<b>17</b>	<b>(119)</b>	<b>31</b>	<b>216</b>
<b>Other recognised gains and losses</b>							
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(408)	-	-	(408)	476
<b>Net movement in funds</b>		<b>134</b>	<b>(409)</b>	<b>17</b>	<b>(119)</b>	<b>(377)</b>	<b>692</b>
Total funds brought forward at 1 September		10	705	508	537	1,760	1,068
<b>Funds carried forward at 31 August</b>		<b>144</b>	<b>296</b>	<b>525</b>	<b>418</b>	<b>1,383</b>	<b>1,760</b>

All of the Academy's activities derive from continuing operations during the above two financial periods


A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

# ESSA ACADEMY

## Balance sheets as at 31 August

	Notes	2012 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	13	418	537
Investments	14	-	-
		<u>418</u>	<u>537</u>
<b>Current assets</b>			
Investments	15	503	250
Debtors	16	192	157
Cash at bank and in hand	25	846	979
		<u>1,541</u>	<u>1,386</u>
<b>Creditors</b> Amounts falling due within one year	17	(515)	(491)
<b>Net current assets</b>		<u>1,026</u>	<u>895</u>
<b>Net assets excluding pension liability</b>		<u>1,444</u>	<u>1,432</u>
Pension scheme (liability)/asset	28	(61)	328
<b>Net assets including pension liability</b>		<u>1,383</u>	<u>1,760</u>
<b>Funds and reserves</b>			
Endowment funds	18	525	508
<b>Restricted funds</b>			
Fixed asset fund	18	418	537
General fund	18	357	377
Pension reserve	18	(61)	328
		<u>714</u>	<u>1,242</u>
<b>Unrestricted funds</b>			
General fund	18	144	10
<b>Total unrestricted funds</b>		<u>144</u>	<u>10</u>
<b>Total Charity Funds and Reserves</b>		<u>1,383</u>	<u>1,760</u>

The financial statements on pages 16 to 36 were approved by the governors, and authorised for issue on 18 December 2012 and signed on their behalf by

  
**Mr A Patel**  
Chair

**ESSA ACADEMY****Cash Flow Statement for 31 August 2012**

	Notes	2012 £000	2011 £000
Net cash inflow from operating activities	22	215	640
Capital expenditure and financial investment	23	(368)	(337)
Returns on investments and servicing of finance	24	20	9
(Decrease)/increase in cash in the year	25	<u>(133)</u>	<u>312</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2011		979	667
Net funds at 31 August 2012	25	<u>846</u>	<u>979</u>

**ESSA ACADEMY**  
**PRINCIPAL ACCOUNTING POLICIES**  
**Year ended 31 August 2012**

**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 ('Charities SORP 2005') and reflects the activities of the Academy

**Basis of accounting**

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005

**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 year is shown in the relevant funds on the balance sheet

***Sponsorship income***

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

***Donations***

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis 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 to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the year 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 year in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

***Allocation of costs***

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy'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

***Governance costs***

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs

## **ESSA ACADEMY**

### **PRINCIPAL ACCOUNTING POLICIES**

**Year ended 31 August 2012**

**(continued)**

#### **Fund accounting**

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors

Restricted funds comprise grants from the EFA and other donors which are to be used for specific purposes as explained in note 18

In 2009, the Academy became the Trustee of a permanent Endowment fund which was set up to hold donations from the Academy's sponsors. This fund, and any income it generates, is restricted in nature. The Endowment fund and any income generated are aggregated with the assets and income of the Academy in the financial statements

#### **Tangible fixed assets**

Tangible fixed assets acquired since the Academy 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 economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £500 are written off in the year of acquisition. All other assets are capitalised

#### **Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives

The principal annual rates used for assets are

Furniture, fixtures, fittings and equipment	15%
IT equipment	25%
Books	15%

#### **Investments**

Fixed asset investments are stated at cost less provisions for impairment

Current asset investments are stated at cost less provisions for permanent diminutions in value. Temporary diminutions in value are not provided for

#### **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**

The Academy is a registered charity and as such is exempt from income tax and corporation tax under the provisions of the Income and Corporation Taxes Act 1988. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities

**ESSA ACADEMY**  
**PRINCIPAL ACCOUNTING POLICIES**  
**Year ended 31 August 2012**  
**(continued)**

**Pensions**

Academy staff are members of one of two defined benefit pension schemes. More details of the schemes are given in note 28.

**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 EFA. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard 17 ('FRS 17') 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 Academy in the year.

***Local Government Pension Scheme***

Non-teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy'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 movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**1 General Annual Grant (GAG)**

**a Results and Carry Forward for the Year / period**

	2012 £000	2011 £000
GAG brought forward from previous year	-	54
GAG allocation for current year	5,312	4,916
<b>Total GAG available to spend</b>	<b>5,312</b>	<b>4,970</b>
Recurrent expenditure from GAG	(5,312)	(4,970)
Fixed assets purchased from GAG	-	-
Transfer from unrestricted fund	-	-
Other restricted GAG funds	-	-
<b>GAG carried forward to next year</b>	<b>-</b>	<b>-</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(637)	(590)
<b>GAG to surrender to DfE</b> (12% rule breached if result is positive)	<b>(637)</b> no breach	<b>(590)</b> no breach

**b 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 only be used for capital purposes)

Recurrent expenditure from GAG in current year	5,312	4,970
GAG allocation for current year	(5,312)	(4,916)
GAG allocation for previous year x 2%	(98)	(101)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)	(98) no breach	(47) no breach

**2 Voluntary Income**

	Unrestricted Funds £000	Restricted Funds £000	2012 Total Funds £000	2011 Total Funds £000
Donations	5	-	5	3
Devolved formula capital allocations	-	18	18	46
	<b>5</b>	<b>18</b>	<b>23</b>	<b>49</b>

**3 Activities for Generating Funds**

	Unrestricted Funds £000	Restricted Funds £000	2012 Total Funds £000	2011 Total Funds £000
Local Authority Contributions	38	-	38	96
Catering income	89	-	89	71
Other	114	-	114	84
	<b>241</b>	<b>-</b>	<b>241</b>	<b>251</b>

**4 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2012 Total Funds £000	2011 Total Funds £000
Dividend Income on Listed Shares	-	17	17	8
Bank Interest	3	-	3	1
	<b>3</b>	<b>17</b>	<b>20</b>	<b>9</b>



**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**5 Funding for Academy's educational operations**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2012 £000</b>	<b>Total 2011 £000</b>
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG) (note 1)	-	5,312	5,312	4,916
Start Up Grants	-	-	-	29
School Standards Fund	-	-	-	344
Other DfE / EFA grants		176	176	188
	<u>-</u>	<u>5,488</u>	<u>5,488</u>	<u>5,477</u>
<b>Other Government grants</b>				
Other Govt Grants		19	19	-
Rent funding		70	70	-
Local Authority SEN Grant		74	74	58
	<u>-</u>	<u>163</u>	<u>163</u>	<u>58</u>
	<u>-</u>	<u>5,651</u>	<u>5,651</u>	<u>5,535</u>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**6 Resources Expended**

	Staff Costs	Other Costs	Depreciation	Total 2012	Total 2011
	£000	£000	£000	£000	£000
Academy's educational operations					
Direct costs	2,965	846	176	3,987	4,088
Allocated support costs	999	704	76	1,779	1,364
	<u>3,964</u>	<u>1,550</u>	<u>252</u>	<u>5,766</u>	<u>5,452</u>
Governance costs including allocated support costs	2	21	-	23	19
	<u>3,966</u>	<u>1,571</u>	<u>252</u>	<u>5,789</u>	<u>5,471</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 19

**7 Charitable Activities - Academy's educational operations**

	Fixed Asset Fund £000	Unrestricted Funds £000	Restricted Funds £000	2012 Total Funds £000	2011 Total Funds £000
<b>Direct costs</b>					
Teaching and educational support staff costs	-	-	2,965	2,965	2,945
Depreciation	116	-	-	116	104
Loss on disposals	60	-	-	60	-
Educational supplies	-	-	206	206	278
Examination fees	-	-	207	207	109
Allocated Utilities	-	-	128	128	168
External Education Courses	-	-	11	11	81
Agency Teaching Cover	-	-	205	205	198
Other direct costs	-	-	89	89	205
	<u>176</u>	<u>-</u>	<u>3,811</u>	<u>3,987</u>	<u>4,088</u>
<b>Educational support costs</b>					
Support staff costs	-	-	999	999	854
Depreciation	76	-	-	76	37
Catering	-	-	97	97	155
Allocated Utilities	-	-	55	55	59
Insurance	-	-	30	30	29
Premises (including building insurance)	-	-	82	82	116
Rent (market value)	-	-	70	70	-
Other support and admin expenses	-	-	370	370	114
	<u>76</u>	<u>-</u>	<u>1,703</u>	<u>1,779</u>	<u>1,364</u>
	<u>252</u>	<u>-</u>	<u>5,514</u>	<u>5,766</u>	<u>5,452</u>

**8 Governance costs**

	Unrestricted Funds £000	Restricted Funds £000	2012 Total Funds £000	2011 Total Funds £000
Teaching & Edn Support	-	2	2	-
Auditors' remuneration				
Audit of financial statements	-	15	15	12
Accountancy services	-	3	3	3
Governor training	-	-	-	1
Internal audit	-	3	3	3
	<u>-</u>	<u>23</u>	<u>23</u>	<u>19</u>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**9 Staff costs**

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

	2012 No	2011 No
<b>Charitable Activities</b>		
Teachers	59	61
Education support	11	11
Management and Administration	44	49
	<u>114</u>	<u>121</u>

Staff costs comprise	Unrestricted Funds £000	Restricted Funds £000	2012 Total Funds £000	2011 Total Funds £000
Wages and salaries	-	3,440	3,440	3,100
Social security costs	-	264	264	258
Other pension costs	-	131	131	383
	<u>-</u>	<u>3,835</u>	<u>3,835</u>	<u>3,741</u>
Supply teacher costs	-	224	224	230
	<u>-</u>	<u>4,059</u>	<u>4,059</u>	<u>3,971</u>

Two employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2012. The total emoluments of these employees were in the following ranges

	2012 No	2011 No
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	<u>1</u>	<u>-</u>

Two (2011 - three) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £26,148 (2011 £33,895)

**10 Governors' remuneration and expenses**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of Governors' remuneration was

	2012 £	2011 £
Mr S Badat	114,454	109,848

During the year ended 31 August 2012, travel and subsistence expenses totalling Nil (2011 - £40) were reimbursed (2011 - one governor)

**Interests in transactions**

Bolton 5-a-Side, in which Mr C Fishwick has an interest, hired sports facilities from the Academy in the year for which the Academy invoiced £0.7k (2011 - £nil)

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**11 Governors' and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5m on any one public liability claim and £10m on any employer liability claim respectively. The cost for the year ended 31 August 2012 was £1k (2011 - £1k)

**12 Taxation**

The academy is a registered charity and therefore is not liable to income tax or corporation tax on income from charitable activities, as it falls within the exemption available to registered charities

**13 Tangible Fixed Assets**

	Furniture and equipment	Computer equipment	Books	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 September 2011	136	678	21	<b>835</b>
Additions	11	121	1	<b>133</b>
Disposals	(2)	(154)	-	<b>(156)</b>
At 31 August 2012	<u>145</u>	<u>645</u>	<u>22</u>	<u><b>812</b></u>
<b>Depreciation</b>				
At 1 September 2011	41	251	6	<b>298</b>
Charged in year	24	164	4	<b>192</b>
Disposals	(1)	(95)	-	<b>(96)</b>
At 31 August 2012	<u>64</u>	<u>320</u>	<u>10</u>	<u><b>394</b></u>
<b>Net book values</b>				
At 31 August 2012	<u><b>81</b></u>	<u><b>325</b></u>	<u><b>12</b></u>	<u><b>418</b></u>
At 31 August 2011	<u>95</u>	<u>427</u>	<u>15</u>	<u><b>537</b></u>

Tangible fixed assets have been funded from the following sources

	£000
EFA/DfE capital grants	311
Unrestricted funds	<u>501</u>
<b>Cost of fixed assets at 31 August 2011</b>	<u><b>812</b></u>
Less: Accumulated depreciation	<u>(394)</u>
<b>Net book value of fixed assets at 31 August 2012</b>	<u><b>418</b></u>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**14 Fixed Asset Investments**

ESSA Academy owns 100% of ESSA Education Limited, a company incorporated on 24 May 2011 in England & Wales. The share cost £1.

This subsidiary is dormant and had net assets of £1 (2011 - £1) at the year end.

**15 Current Asset Investments**

	2012 £000	2011 £000
Cash deposits	6	60
Shares in listed companies	497	190
	<u>503</u>	<u>250</u>

The market value of the shares in listed companies at the year end was £495,000 (2011 - £159,000). No provision has been made for this temporary diminution in value.

**16 Debtors**

	2012 £000	2011 £000
Trade debtors	16	22
Prepayments	46	66
Sundry debtors	29	1
VAT recoverable	101	68
	<u>192</u>	<u>157</u>

**17 Creditors - amounts falling due within one year**

	2012 £000	2011 £000
Trade creditors	109	57
Accruals and deferred income	406	434
	<u>515</u>	<u>491</u>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**18 Funds**

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes

	At 1 September 2011 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	At 31 August 2012 £000
<b>Restricted general fund</b>					
<b>DfE/EFA Revenue Grants</b>					
General Annual Grant (GAG)	-	5,312	(5,312)	-	-
Other DfE/EFA grants	377	176	(196)	-	357
Other grants	-	163	(163)	-	-
	377	5,651	(5,671)	-	357
Pension Reserve	328	-	19	(408)	(61)
	705	5,651	(5,652)	(408)	296
<b>Other Restricted Grants</b>					
Endowment fund	508	17	-	-	525
<b>Fixed asset fund</b>					
DfE capital grants	(95)	18		-	(77)
Transfer from unrestricted funds				115	115
Capital expenditure from Other Grants	542	-	(252)	-	290
Other Govt Grants	90	-	-	-	90
	537	18	(252)	115	418
<b>Total restricted funds</b>	<b>1,750</b>	<b>5,686</b>	<b>(5,904)</b>	<b>(293)</b>	<b>1,239</b>
<b>Unrestricted funds</b>	<b>10</b>	<b>249</b>	<b>-</b>	<b>(115)</b>	<b>144</b>
<b>TOTAL FUNDS</b>	<b>1,760</b>	<b>5,935</b>	<b>(5,904)</b>	<b>(408)</b>	<b>1,383</b>

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

*Restricted general fund*

This fund represents grants received for the Academy's operational activities and development

*Endowment fund*

This fund relates to monies received from the sponsor for investment according to their wishes

*Fixed asset fund*

These grants relate to funding received from the DfE, EFA and private sponsors to carry out works of a capital nature as part of the School Building project

A transfer of £115k has been made from the unrestricted general fund to the restricted fixed asset fund to cover capital expenditure made to date

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**19 Analysis of net assets between funds**

Fund balances at 31 August 2012 are represented by

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Restricted endowment fund	Total 2012
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	418	-	418
Current assets	-	1,038	-	503	1,541
Current liabilities	-	(515)	-	-	(515)
Pension scheme liability	-	(61)	-	-	(61)
<b>Total net assets</b>	<b>-</b>	<b>462</b>	<b>418</b>	<b>503</b>	<b>1,383</b>

**20 Capital commitments**

	2012 £000	2011 £000
Contracted for, but not provided in the financial statements	15,019	88
Authorised by governors, but not yet contracted	-	-

The £15,019k commitment is the value of the new school building which is expected to be recognised in the 2012/13 financial statements when the lease is signed

The above capital commitments will be met from EFA capital grants to be received in future years

**21 Financial commitments**

***Operating leases***

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	2012 £000	2011 £000
Fixtures & fittings		
Expiring within one year	6	41
Expiring within two and five years inclusive	-	10
Expiring in over five years	-	-
	<u>6</u>	<u>51</u>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

	2012 £000	2011 £000
<b>22 Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Surplus on continuing operations	31	216
Depreciation (note 13)	192	141
Loss on disposal of tangible fixed assets	60	-
Capital grants from DfE and Others	(18)	(46)
Dividends and interest receivable (note 4)	(20)	(9)
FRS 17 pension cost less contributions payable (note 28)	13	52
FRS 17 pension finance income (note 28)	(32)	(18)
(Increase)/decrease in debtors	(35)	111
Increase in creditors	24	193
Net cash inflow from operating activities	<u>215</u>	<u>640</u>

	2012 £000	2011 £000
<b>23 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(133)	(133)
Capital grants from DfE/EFA	18	46
Purchase of investments	(253)	(250)
	<u>(368)</u>	<u>(337)</u>

	2012 £000	2011 £000
<b>24 Returns on investments and servicing of finance</b>		
Dividends and interest received	<u>20</u>	<u>9</u>

	At 1 September 2011 £000	Cash flows £000	At 31 August 2012 £000
<b>25 Analysis of changes in net funds</b>			
Cash in hand and at bank	<u>979</u>	<u>(133)</u>	<u>846</u>
	<u>979</u>	<u>(133)</u>	<u>846</u>



**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**26 Contingent Liabilities**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

**27 Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**28 Pension Commitments**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is administered by Tameside Metropolitan Borough Council. Both are defined-benefit schemes.

<b>Total pension cost for the year</b>	<b>2012 £000</b>	<b>2011 £000</b>
Teachers Pension Scheme contributions paid	265	234
Local Government Pension Scheme Contributions paid	134	123
FRS 17 credit	(147)	(175)
(Credit)/charge to the Income and Expenditure Account (staff costs)	(13)	(52)
<b>Total Pension Cost for Year</b>	<b>252</b>	<b>182</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2007.

Contributions amounting to £Nil were payable to the scheme and are included in creditors (2011 - £2k).

**Teachers' Pension Scheme**

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	Wednesday, 31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 September 2011 to 31 August 2012 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**28 Pension Commitments (Continued)**

**FRS 17**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £190k (2011 - £250k), of which employer's contributions totalled £134k (2011 - £201k) and employees' contributions totalled £56k (2011 - £49k). The agreed contribution rates for future years are 17.6 per cent for employers and range from 5.5 to 7.5 per cent for employees.

**FRS 17**

Principal Actuarial Assumptions	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.00% *	4.40%
Rate of increase for pensions in payment / inflation	2.20%	2.60%
Discount rate for scheme liabilities	4.10%	5.40%
Expected return on assets	4.80%	6.00%
Inflation assumption	2.20%	2.90%

\* 1% p.a. until 31 March 2015, 4% thereafter

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	20.10	20.80
Females	22.90	24.10
<i>Retiring in 20 years</i>		
Males	22.50	22.80
Females	25.00	26.20

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2012	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	369
1 year increase in member life expectancy	3%	83
0.5% increase in the Salary Increase Rate	6%	162
0.5% increase in the Pension Increase Rate	7%	199

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**28 Pension Commitments (Continued)**

**Local Government Pension Scheme (Continued)**

The estimated Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Long-term rate of return expected at 31 August 2012	Value at 31 August 2012	Long-term rate of return expected at 31 August 2011	Value at 31 August 2011
	%	£000	%	£000
Equities	5.50%	1,865	6.80%	1,528
Bonds	3.40%	541	4.60%	463
Property	3.70%	135	4.80%	139
Cash	2.80%	162	3.90%	185
<b>Total market value of assets</b>		<b>2,703</b>		<b>2,315</b>
Present value of scheme liabilities				
- Funded		2,764		1,937
<b>(Deficit)/surplus in the scheme</b>		<b>(61)</b>		<b>378</b>

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2011 for the year to 31 August 2012). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets in the year was £207,000 (2011: £118,000)

**Total expenditure recognised in the Statement of Financial Activities**

	2012 £000	2011 £000
Current service cost	147	175
Total operating charge	147	175
Interest on obligation	112	98
Expected return on Scheme assets	(144)	(116)
Net return	(32)	(18)
<b>Total expenditure recognised in the Statement of Financial Activities</b>	<b>115</b>	<b>157</b>
	<b>2012 £000</b>	<b>2011 £000</b>
Actuarial gains on scheme assets	62	204
Actuarial (losses)/gains on scheme liabilities	(470)	272
<b>Total amount recognised in STRGL</b>	<b>(408)</b>	<b>476</b>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**28 Pension Commitments (Continued)**

**Amount recognised in the statement of total recognised gains and**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Actuarial gain on pension scheme assets	62	204
Actuarial (loss)/gain on pension scheme liabilities	(470)	272
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(408)</b>	<b>476</b>

**Reconciliation of opening and closing balances of the present value of Trust's share of scheme's liabilities**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>Scheme liabilities at 1 September</b>	<b>1,987</b>	<b>1,937</b>
Current service cost	147	175
Contributions by scheme participants	56	55
Interest cost	112	98
Benefits paid	(8)	(6)
Actuarial loss/(gain)	470	(272)
<b>Scheme liabilities at 31 August</b>	<b>2,764</b>	<b>1,987</b>

**Reconciliation of opening and closing balances of the fair value of the Trust's share of the scheme assets**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>Fair value of scheme assets at 1 September</b>	<b>2,315</b>	<b>1,823</b>
Expected return on scheme assets	144	116
Contributions by employer	134	123
Contributions by scheme participants	56	55
Benefits paid	(8)	(6)
Actuarial gains	62	204
<b>Fair value of scheme assets at 31 August</b>	<b>2,703</b>	<b>2,315</b>

**Movement in (deficit)/surplus during year**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Surplus/(deficit) in scheme at 1 September	328	(114)
Current service cost	(147)	(175)
Employer contributions	134	123
Net return on assets	32	18
Actuarial (loss)/gain	(408)	476
<b>(Deficit)/surplus in scheme at 31 August</b>	<b>(61)</b>	<b>328</b>

**ESSA ACADEMY**  
**Notes to the Accounts (continued)**  
**Year ended 31 August 2012**

**28 Pension Commitments (Continued)**

**Amounts for the current and previous periods**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation at end of year	2,764	1,987	1,937	1,620
Fair value of plan assets at end of year	2,703	2,315	1,823	1,532
(Deficit)/surplus	(61)	328	(114)	(88)
Experience adjustments on Scheme assets	62	204	44	74
Experience adjustments on Scheme liabilities	(4)	(180)	-	(194)

**Projected pension expense for the year to 31 August 2012**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Projected amount credited to		
Service cost	183	144
Interest cost	118	112
Return on assets	(134)	(144)
Total	<u>167</u>	<u>112</u>
Employer contributions	<u>130</u>	<u>127</u>

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Pension Schemes' that where, under FRS 17, a charity discloses a significant pension fund deficit, this does not mean that an immediate liability for this amount crystallises. Similarly, where a pension surplus is disclosed this does not create an immediately realisable asset that can be released straight away and expended on the purposes of the charity. In particular, the disclosure of a pension liability does not mean that the equivalent amount is already committed and is no longer available to the trustees to further the charity's objectives.

**29 Related Parties**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Following an arms-length procurement, the Academy entered into four one-year contracts with different suppliers for the provision of agency teaching staff. A director of one of the agencies, The Staffroom, is a member of the Academy staff. The Finance Committee supervised the procurement and procedures were put in place to ensure that no bidder had an unfair advantage over any other. The total paid in 2011-12 to the related party agency was £17k (2011 -£92k). The total paid in teaching agency fees was £224k (2011 - £230k). This contract ended in March 2012.

Transactions with the EFA are detailed in note 5.