

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 August 2013**

FOR

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

COMPANY REGISTERED NUMBER: 06731593

**COPY FOR THE REGISTRAR OF
COMPANIES**

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ESSA ACADEMY

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ESSA ACADEMY

REPORT OF THE GOVERNORS For the Year Ended 31 August 2013

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 Neelam Arshad
Miss Sarah Towers
Dr George Holmes (resigned 24 September 2013)
Professor Iqbal Memon

Senior Leadership Team

Principal	Mr Showk Badat (resigned 30 November 2013)
Deputy Principal	Mr Jeffrey Ellis
Director	Mr Abdul Chohan
Finance Director	Mr David Mole
HR Director	Mrs Bernadette Sansome
Director	Mrs Gwen Grills (resigned 31 December 2012)
Director	Mrs Sandra Reid
Director	Mr Andrew Peet
Director	Miss Julie Green
Director	Mrs Lynn Cardwell
Director	Mrs Hannah Alexander
Exams and Information Officer	Mrs Justine Hatter

Registered Office

Lever Edge Lane
Bolton
BL3 3HH

Academy Site

Lever Edge Lane
Bolton
BL3 3HH

Company Registration Number:

06731593 (England and Wales)

Auditors.

Baker Tilly 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 2013

The governors present their report together with the financial statements of the charitable company for the year ended 31 August 2013. 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 18 to 20 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 which is the sponsor of the Academy. Subsequent Members are appointed 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 2013 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 one or two 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 2013 (continued)

Organisational Structure (continued)

The SLT comprises the Principal, the Deputy Principal, six Directors, the Finance and HR Directors and the Exams and Information Officer. The SLT is responsible for 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 trading subsidiary undertaking of the Academy. ESSA Foundation Academies Trust is a Trust (incorporated in November 2012) in which various Governors of ESSA Academy are Directors.

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.

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 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 21st 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.

ESSA ACADEMY

REPORT OF THE GOVERNORS For the Year Ended 31 August 2013 (continued)

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.

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 increased from 50% in 2012 to 55% in 2013. The percentage of pupils gaining at least 5 A*-C was 98% (2012 – 97%). 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
2013/13	37th

ESSA ACADEMY

REPORT OF THE GOVERNORS For the Year Ended 31 August 2013 (continued)

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 2013 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 2013, total resources expended of £6,253k (2012 - £5,904k) 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 £121k (2012 - £31k).

At 31 August 2013 the net book value of fixed assets was £237k (2012 - £418k) 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 surplus of £44k (2012 - £61k deficit), which has been carried forward to 2013.

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 £108k. 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 £510k (2012 - £144k).

Financial position

The Academy held fund balances at 31 August 2013 of £1,722k (2012 - £1,383k). A summary is shown in the table below (more details are provided in Note 18 to the Financial Statements).

Funds	2012-13 £000	2011-12 £000
Restricted Funds		
Restricted General Fund	382	357
Pension Reserve	44	(61)
Endowment Fund	549	525
Fixed Asset Fund	237	418
Total Restricted Funds	1,212	1,239
Unrestricted Funds	510	144
Total Funds	1,722	1,383

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.

ESSA ACADEMY

REPORT OF THE GOVERNORS For the Year Ended 31 August 2013 (continued)

Investment policy

The Governing Body have delegated authority to the Finance Director to utilise the term deposit arrangements with Lloyds 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 2012/13, 96% 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.

2 Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme asset 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.

DEPARTURE OF PRINCIPAL

The Principal, Mr SH Badat left the Academy on 30th November 2013. The governors would like to thank Mr Badat for his considerable contribution, hard work and dedication in turning around significantly the failing fortunes of the predecessor school and leaving behind a legacy of sustainable growth for the successful Essa Academy in Bolton.

ESSA ACADEMY

**REPORT OF THE GOVERNORS
For the Year Ended 31 August 2013
(continued)**

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

RSM Tenon Audit Limited changed its name to Baker Tilly Audit Services Limited on 1 October 2013. A resolution will be made at the coming Annual General Meeting to appoint Baker Tilly Audit Limited as auditors for the company for the coming year.

The report of the governors was approved by the Governing Body on 17 December 2013 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'A Patel', with a long horizontal stroke extending to the right.

**Mr Anwer Patel
Chair of Governors**

ESSA ACADEMY

GOVERNANCE STATEMENT For the Year Ended 31 August 2013

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	3	3
Cllr Mike Francis	2	3
Mr Anwer Patel	3	3
Mr Craig Fishwick	3	3
Mr Latif Jiva	2	3
Cllr Madeline Murray	2	3
Mr Steve Wild	3	3
Mr Yakub Patel	2	3
Mrs Neelam Arshad	1	3
Miss Sarah Towers	1	3
Dr George Holmes	1	3
Professor Iqbal Memon	1	3

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	10
Mr Craig Fishwick	9	10
Mr Steve Wild	10	10
Mr Yakub Patel	6	10

ESSA ACADEMY

GOVERNANCE STATEMENT (continued) For the Year Ended 31 August 2013

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

Governor	Meetings attended	Out of a possible
Mr Adam Umarji	5	8
Cllr Mike Francis	4	8
Mr Anwer Patel	6	8
Mr Craig Fishwick	7	8
Mr Latif Jiva	6	8
Cllr Madeline Murray	6	8
Mr Steve Wild	8	8
Mr Yakub Patel	5	8
Mrs Neelam Arshad	3	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 2013 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 2013 and up to the date of approval of the annual report and financial statements. The Governing Body regularly reviews this process.

ESSA ACADEMY

GOVERNANCE STATEMENT (continued) For the Year Ended 31 August 2013

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 established an Audit Committee whose terms of reference are as follows

- to promote sound corporate governance within the Academy
- to provide assurance over the Academy's systems of risk management and internal control
- to consider and approve arrangements for the provision of internal audit services
- to consider and approve internal audit strategy and plans ensuring that internal audit activity is appropriately focused, monitored and implemented
- to receive and comment on internal audit reports and oversee the implementation of approved recommendations
- to report to the Chair of the Governing Body and bring any matters of concern to the Governing Body

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

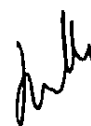
- the work of the Audit Committee,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Audit Committee and external auditor have advised the Accounting Officer of the implications of the result of their review of the system of internal control 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 2013 and signed on its behalf by



Mr Anwer Patel
Chair of Governors



Mr Jeffrey Ellis
Acting accounting officer

ESSA ACADEMY
Statement on Regularity, Propriety and Compliance
For the Year Ended 31 August 2013

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 Jeffrey Ellis
Acting accounting officer

ESSA ACADEMY
Statement of Governors' Responsibilities
For the Year Ended 31 August 2013

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 17 December 2013 and signed on its behalf by


Mr Anwer Patel
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSA ACADEMY
Year ended 31 August 2013

We have audited the financial statements of ESSA Academy for the year ended 31 August 2013 on pages 15 to 36. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSA ACADEMY
Year ended 31 August 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the charity has not kept adequate accounting records, 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 governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alan Dunwell (Senior Statutory Auditor)

Baker Tilly Audit Ltd

For and on behalf of Baker Tilly Audit Limited, Statutory Auditor

Chartered Accountants

2 Wellington Place

Leeds

LS1 4AP

Date **28.12.13**

ESSA ACADEMY

Statement of Financial Activities for the Year to 31 August 2013

		Unrestricted Funds	Restricted General Funds	Restricted Endowment Fund	Restricted Fixed Asset Funds	Total 2013	Total 2012
	Notes	£000	£000	£000	£000	£000	£000
Incoming resources							
<i>Incoming resources from generated funds</i>							
Voluntary income	2	93	-	-	-	93	23
Activities for generating funds	3	292	-	-	-	292	241
Investment income	4	1	-	24	-	25	20
<i>Incoming resources from charitable activities</i>							
Funding for the Academy's educational operations	5	-	5,947	-	17	5,964	5,651
Total incoming resources		386	5,947	24	17	6,374	5,935
Resources expended							
<i>Charitable activities</i>							
Academy's educational operations	6	-	5,762		218	5,980	5,766
Defined benefit scheme costs	28		251			251	115
Governance costs	8		22	-	-	22	23
Total resources expended		-	6,035	-	218	6,253	5,904
Net incoming/(outgoing) resources before transfers		386	(88)	24	(201)	121	31
Gross transfers between funds	18	(20)	-	-	20	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		366	(88)	24	(181)	121	31
Other recognised gains and losses							
Actuarial gains/(losses) on defined benefit pension schemes	28	-	218	-	-	218	(408)
Net movement in funds		366	130	24	(181)	339	(377)
Total funds brought forward at 1 September		144	296	525	418	1,383	1,760
Funds carried forward at 31 August		510	426	549	237	1,722	1,383

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 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	13	237	418
Investments	14	-	-
		<u>237</u>	<u>418</u>
Current assets			
Investments	15	503	503
Debtors	16	380	192
Cash at bank and in hand	25	1,585	846
		<u>2,468</u>	<u>1,541</u>
Creditors Amounts falling due within one year	17	<u>(1,027)</u>	<u>(515)</u>
Net current assets		<u>1,441</u>	<u>1,026</u>
Net assets excluding pension liability		<u>1,678</u>	<u>1,444</u>
Pension scheme asset/(liability)	28	<u>44</u>	<u>(61)</u>
Net assets including pension liability		<u>1,722</u>	<u>1,383</u>
Funds and reserves			
Endowment funds	18	549	525
Restricted funds			
Fixed asset fund	18	237	418
General fund	18	382	357
Pension reserve	18	44	(61)
		<u>663</u>	<u>714</u>
Unrestricted funds			
General fund	18	<u>510</u>	<u>144</u>
Total unrestricted funds		<u>510</u>	<u>144</u>
Total Charity Funds and Reserves		<u>1,722</u>	<u>1,383</u>

The financial statements on pages 15 to 36 were approved by the governors, and authorised for issue on 17 December 2013 and signed on their behalf by


Mr A Patel
Chair

ESSA ACADEMY**Cash Flow Statement for 31 August 2013**

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	22	735	215
Capital expenditure and financial investment	23	(21)	(368)
Returns on investments and servicing of finance	24	25	20
Increase/(decrease) in cash in the year	25	<u>739</u>	<u>(133)</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		846	979
Net funds at 31 August 2013	25	<u>1,585</u>	<u>846</u>

ESSA ACADEMY

PRINCIPAL ACCOUNTING POLICIES **Year ended 31 August 2013**

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

Consolidation

The company has taken advantage of the exemption provided by Section 405(2) of the Companies Act 2006 not to prepare group accounts on the grounds that the group is small. The accounts therefore present information about the company as an individual undertaking and not about its group.

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.

ESSA ACADEMY

PRINCIPAL ACCOUNTING POLICIES **Year ended 31 August 2013**

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.

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 2013

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
Year ended 31 August 2013

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2013.

2 Voluntary Income	Unrestricted	Restricted	2013	2012
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Donations	93	-	93	5
	<u>93</u>	<u>-</u>	<u>93</u>	<u>23</u>
3 Activities for Generating Funds			2013	2012
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£000	£000	£000	£000
Local Authority Contributions	-	-	-	38
Catering income	119	-	119	89
Other	173	-	173	114
	<u>292</u>	<u>-</u>	<u>292</u>	<u>241</u>
4 Investment Income			2013	2012
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£000	£000	£000	£000
Dividend Income on Listed Shares	-	24	24	17
Bank Interest	1	-	1	3
	<u>1</u>	<u>24</u>	<u>25</u>	<u>20</u>

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

5 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Devolved Formula Capital allocations	-	17	17	-
	-	17	17	
DfE / EFA revenue grants				
General Annual Grant (GAG) (note 1)	-	5,403	5,403	5,312
Other DfE / EFA grants		328	328	176
	-	5,731	5,731	5,488
Other Government grants				
Other Govt Grants		79	79	19
Rent funding		80	80	70
Local Authority SEN Grant		57	57	74
	-	216	216	163
	-	5,964	5,964	5,651

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

6 Resources Expended

	Staff Costs	Other Costs	Depreciation	Total 2013	Total 2012
	£000	£000	£000	£000	£000
Academy's educational operations					
Direct costs	2,864	1,010	144	4,018	3,987
Allocated support costs	1,081	807	74	1,962	1,779
	3,945	1,817	218	5,980	5,766
Governance costs including allocated support costs	2	20	-	22	23
	3,947	1,837	218	6,002	5,789

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	2013 Total Funds £000	2012 Total Funds £000
Direct costs					
Teaching and educational support staff costs	-	-	2,864	2,864	2,965
Depreciation	50	-	-	50	116
Loss on disposals	94	-	-	94	60
Educational supplies	-	-	418	418	206
Examination fees	-	-	150	150	207
Allocated Utilities	-	-	96	96	128
External Education Courses	-	-	2	2	11
Agency Teaching Cover	-	-	293	293	205
Other direct costs	-	-	51	51	89
	144	-	3,874	4,018	3,987
Educational support costs					
Support staff costs	-	-	1,081	1,081	999
Depreciation	74	-	-	74	76
Catering	-	-	113	113	97
Allocated Utilities	-	-	49	49	55
Insurance	-	-	61	61	30
Premises (including building insurance)	-	-	102	102	82
Rent (market value)	-	-	80	80	70
Other support and admin expenses	-	-	402	402	370
	74	-	1,888	1,962	1,779
	218	-	5,762	5,980	5,766

8 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	2013 Total Funds £000	2012 Total Funds £000
Teaching & Education Support	-	2	2	2
Auditors' remuneration				
Audit of financial statements	-	13	13	15
Accountancy services	-	3	3	3
Governor training	-	1	1	-
Other	-	3	3	3
	-	22	22	23

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

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

	2013 No	2012 No
Charitable Activities		
Teachers	60	59
Education support	11	11
Management and Administration	50	44
	<u>121</u>	<u>114</u>

Staff costs comprise	Unrestricted Funds £000	Restricted Funds £000	2013 Total Funds £000	2012 Total Funds £000
Wages and salaries	-	3,372	3,372	3,440
Social security costs	-	259	259	264
Other pension costs	-	128	128	131
	-	<u>3,759</u>	<u>3,759</u>	<u>3,835</u>
Supply teacher costs		314	314	224
Compensation payments	-	98	98	-
	-	<u>4,171</u>	<u>4,171</u>	<u>4,059</u>

Two employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2013. The total emoluments of these employees were in the following ranges

	2013 No	2012 No
£70,001 - £80,000	1	1
£110,001 - £120,000	<u>1</u>	<u>1</u>

Two (2012 - two) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £26,551 (2012 - £26,148)

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 the Principal's remuneration was £117,315 (2012 - £114,454)

During the year ended 31 August 2013, travel and subsistence expenses totalling £Nil (2012 - £Nil) were reimbursed

Interests in transactions

Related party transactions involving the trustees are set out in note 29

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

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 2013 was £1k (2012 - £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
Cost				
At 1 September 2012	145	645	22	812
Additions	19	19	-	38
Disposals	(2)	(298)	-	(300)
At 31 August 2013	162	366	22	550
Depreciation				
At 1 September 2012	64	320	10	394
Charged in year	22	99	3	124
Disposals	(2)	(205)	2	(205)
At 31 August 2013	84	214	15	313
Net book values				
At 31 August 2013	78	152	7	237
At 31 August 2012	81	325	12	418

Tangible fixed assets have been funded from the following sources

	2013 £000	2012 £000
EFA/DfE capital grants	328	311
Unrestricted funds	222	501
Cost of fixed assets at 31 August 2013	550	812
Less: Accumulated depreciation	(313)	(394)
Net book value of fixed assets at 31 August 2013	237	418

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

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 provides leisure facilities to the public and catering and supply teaching services to other schools. It reported no result for the year (2012 - no result) had net assets of £1 (2012 - £1) at the year end.

15 Current Asset Investments

	2013 £000	2012 £000
Cash deposits	6	6
Shares in listed companies	497	497
	<u>503</u>	<u>503</u>

The market value of the shares in listed companies at the year end was £552,000 (2012 - £495,000). No provision has been made for this temporary increase in value.

16 Debtors

	2013 £000	2012 £000
Trade debtors	16	16
Amounts owed by subsidiary undertaking	93	-
Prepayments	138	46
Sundry debtors	72	29
VAT recoverable	61	101
	<u>380</u>	<u>192</u>

17 Creditors amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	198	109
Accruals and deferred income	829	406
	<u>1,027</u>	<u>515</u>

Deferred income

	2013 £000	2012 £000
Deferred Income at 1 September 2012	31	56
Resources deferred in the year	114	31
Amounts released from previous years	(31)	(56)
Deferred Income at 31 August 2013	<u>114</u>	<u>31</u>

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

18 Funds

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

	At 1 September	Incoming resources	Resources expended	Gains, losses and transfers	At 31 August
	2012 £000	£000	£000	£000	2013 £000
Restricted general fund					
DfE/EFA Revenue Grants					
General Annual Grant (GAG)	-	5,403	(5,403)	-	-
Other DfE/EFA grants	357	328	(328)	-	357
Other grants	-	216	(191)	-	25
	357	5,947	(5,922)	-	382
Pension Reserve	(61)	-	(113)	218	44
	296	5,947	(6,035)	218	426
Other Restricted Grants					
Endowment fund	525	24	-	-	549
	525	24	-	-	549
Fixed asset fund					
DfE capital grants	(77)	17	-	-	(60)
Transfer from unrestricted funds	115	-	-	20	135
Capital expenditure from Other Grants	290	-	(218)	-	72
Other Govt Grants	90	-	-	-	90
	418	17	(218)	20	237
Total restricted funds	1,239	5,988	(6,253)	238	1,212
Unrestricted funds	144	386	-	(20)	510
TOTAL FUNDS	1,383	6,374	(6,253)	218	1,722

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 sponsors 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

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

19 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Restricted endowment fund	Total 2013
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	237	-	237
Current assets	1,097	822	-	549	2,468
Current liabilities	(587)	(440)	-	-	(1,027)
Pension scheme asset / liability	-	44	-	-	44
Total net assets	510	426	237	549	1,722

20 Capital commitments

	2013 £000	2012 £000
Contracted for, but not provided in the financial statements	15,019	15,019
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 2013/14 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 2013 the Academy had annual commitments under non-cancellable operating leases as follows

	2013 £000	2012 £000
Fixtures & fittings		
Expiring within one year	2	6
	<u>2</u>	<u>6</u>

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

	2013 £000	2012 £000
22 Reconciliation of operating surplus to net cash inflow from operating activities		
Surplus on continuing operations	121	31
Depreciation (note 13)	124	192
Loss on disposal of tangible fixed assets	95	60
Capital grants from DfE and Others	(17)	(18)
Dividends and interest receivable (note 4)	(25)	(20)
FRS 17 pension cost less contributions payable (note 28)	127	13
FRS 17 pension finance income (note 28)	(14)	(32)
Increase in debtors	(188)	(35)
Increase in creditors	512	24
Net cash inflow from operating activities	<u>735</u>	<u>215</u>

	2013 £000	2012 £000
23 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(38)	(133)
Capital grants from DfE/EFA	17	18
Purchase of investments	-	(253)
	<u>(21)</u>	<u>(368)</u>

	2013 £000	2012 £000
24 Returns on investments and servicing of finance		
Dividends and interest received	<u>25</u>	<u>20</u>

	At 1 September 2012 £000	Cash flows £000	At 31 August 2013 £000
25 Analysis of changes in net funds			
Cash in hand and at bank	<u>846</u>	<u>739</u>	<u>1,585</u>
	<u>846</u>	<u>739</u>	<u>1,585</u>

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

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 2013

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004 The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth was assumed to be 1.5% The assumed gross rate of return was 6.5% From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years) This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

28 Pension Commitments (Continued)

FRS 17

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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

Teachers' Pension Scheme changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy 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 FRS 17 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.

Local Government Pension Scheme

The total contribution made for the year ended 31 August 2013 was £195k (2012 - £190k), of which employer's contributions totalled £138k (2012 - £134k) and employees' contributions totalled £57k (2012 - £56k). 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.

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

28 Pension Commitments (Continued)

FRS 17

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.60% *	4.00%
Rate of increase for pensions in payment / inflation	2.80%	2.20%
Discount rate for scheme liabilities	4.60%	4.10%
Expected return on assets	5.90%	4.80%
Inflation assumption	2.20%	2.20%
Commutation of pensions to lump sums	0%	0%

* 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 2013	At 31 August 2012
<i>Retiring today</i>		
Males	20.10	20.10
Females	22.90	22.90
<i>Retiring in 20 years</i>		
Males	22.50	22.50
Females	25.00	25.00

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

Change in assumptions at 31 August 2013	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	453
1 year increase in member life expectancy	3%	98
0.5% increase in the Salary Increase Rate	7%	226
0.5% increase in the Pension Increase Rate	7%	226

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

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 2013	Value at 31 August 2013	Long-term rate of return expected at 31 August 2012	Value at 31 August 2012
	%	£000	%	£000
Equities	6.60%	2,394	5.50%	1,865
Bonds	3.90%	598	3.40%	541
Property	4.70%	200	3.70%	135
Cash	3.60%	133	2.80%	162
Total market value of assets		3,325		2,703
Present value of scheme liabilities				
- Funded		3,281		2,764
Surplus/(deficit) in the scheme		44		(61)

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

ESSA Academy employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principals. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived from aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2013.

The actual return on the scheme assets in the year was £436,000 (2012: £207,000)

Total expenditure recognised in the Statement of Financial Activities

	2013 £000	2012 £000
Current service cost	194	147
Losses on Curtailment	71	0
Total operating charge	265	147
Interest on obligation	120	112
Expected return on Scheme assets	(134)	(144)
Net return	(14)	(32)
Total expenditure recognised in the Statement of Financial Activities	251	115
	2013 £000	2012 £000
Actuarial gains on scheme assets	303	62
Actuarial losses on scheme liabilities	(85)	(470)
Total amount recognised in STRGL	218	(408)

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

28 Pension Commitments (Continued)

Amount recognised in the statement of total recognised gains

	2013	2012
	£000	£000
Actuarial gain on pension scheme assets	303	62
Actuarial loss on pension scheme liabilities	(85)	(470)
Actuarial gain/(loss) recognised in STRGL	218	(408)

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

	2013	2012
	£000	£000
Scheme liabilities at 1 September	2,764	1,987
Current service cost	194	147
Contributions by scheme participants	57	56
Interest cost	120	112
Benefits paid	(10)	(8)
Curtailments	71	-
Actuarial loss	85	470
Scheme liabilities at 31 August	3,281	2,764

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

	2013	2012
	£000	£000
Fair value of scheme assets at 1 September	2,703	2,315
Expected return on scheme assets	134	144
Contributions by employer	138	134
Contributions by scheme participants	57	56
Benefits paid	(10)	(8)
Actuarial gains	303	62
Fair value of scheme assets at 31 August	3,325	2,703

Movement in surplus/(deficit) during year

	2013	2012
	£000	£000
(Deficit)/surplus in scheme at 1 September	(61)	328
Current service cost	(194)	(147)
Curtailments and settlements	(71)	-
Employer contributions	138	134
Net return on assets	14	32
Actuarial gain/(loss)	218	(408)
Surplus/(deficit) in scheme at 31 August	44	(61)

ESSA ACADEMY
Notes to the Accounts (continued)
Year ended 31 August 2013

28 Pension Commitments (Continued)

Amounts for the current and previous periods

	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation at end of year	3,281	2,764	1,987	1,937
Fair value of plan assets at end of year	3,325	2,703	2,315	1,823
(Deficit)/surplus	44	(61)	328	(114)
Experience adjustments on Scheme assets	303	62	204	44
Experience adjustments on Scheme liabilities	-	(4)	(180)	-

Projected pension expense for the year to 31 August 2014

	2014 £000	2013 £000
Projected amount credited to		
Service cost	209	183
Interest cost	157	118
Return on assets	(202)	(134)
Total	164	167
Employer contributions	141	130

It must be appreciated in accordance with the Chantry Commission publication, 'Chantry 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.

Transactions with the EFA are detailed in note 5.

Included in trade debtors and other debtors at 31 August 2013 are amounts of £Nil (2012 - £1.8k) and £48k (2012 - £17.5k) respectively owed by the EFA.

ESSA Foundation Academies Trust is a charitable company of which the Principal and various Governors are directors. Included within Trade Debtors is an amount of £13.9k (2012 - £Nil) owed by ESSA Foundation Academies Trust, which is stated after a provision of £7k (2012 - £Nil).

During the year the Academy made sales of £91k (2012 - £Nil) to, received a donation of £93k (2012 - £Nil) from, and purchased services totalling £270k (2012 - £Nil) from, ESSA Education Limited. At the year end ESSA Education Limited owed £93k (2012 - £Nil) to the Academy.

Bolton 5-a-Side, in which Mr C Fishwick (a Governor) has an interest, hired sports facilities from the Academy in the year for which the Academy invoiced £1.2k (2012 - £0.7k).

During the year, ESSA Education Limited paid consultancy charges of £36.5k (2012 - £17k) to Mr A Chohan, a Director of ESSA Academy.