

**FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2009**

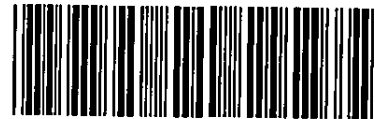
**FOR**

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

**COMPANY REGISTERED NUMBER: 06731593**

**CHARITY REGISTERED NUMBER: 1127085**

**TUESDAY**



**\*AM3G6GLM\***

**A11**

**12/01/2010**

**408**

**COMPANIES HOUSE**

## **ESSA ACADEMY**

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## ESSA ACADEMY

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

#### Governors (Trustees)

\* = members of the Finance Committee

Mr Adam Umarji \* (appointed 23/10/2008)  
Councillor Alan Walsh (appointed 01/01/2009)  
Mr Anwer Patel \* (appointed 23/10/2008)  
Mr Craig Fishwick \* (appointed 10/12/2008)  
Mr Latif Jiva (appointed 01/01/2009)  
Councillor Madeline Murray (appointed 01/01/2009)  
Mr Showk Badat \* (appointed 01/01/2009)  
Mr Steve Wild \* (appointed 01/01/2009)  
Mr Yakub Patel \* (appointed 23/10/2008)  
Mrs Bilkiss Lakhi (appointed 01/06/2009)  
Miss Sarah Towers (appointed 08/05/2009)  
Ms Christine Wendell (appointed 19/06/2009)  
Miss Jennie Donoghue (appointed 01/01/2009)

#### 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 Rona Mackenzie
Director	Ms Donna Barber
Director	Ms Gwen Grills
Assistant Director	Mr Adrian Dawes
Assistant Director	Ms Pervin Nadim
Assistant Director	Ms Sandra Reid

#### Registered Office

PO Box 2076  
Lynstock House  
Lynstock Way  
Bolton  
BL6 4SA

#### Academy Site

ESSA Academy  
Lever Edge Lane  
Bolton  
BL3 3HH

#### Company Registration Number:

06731593 (England and Wales)

#### Charity Registration Number:

1127085

#### Auditors:

RSM Bentley Jennison  
2 Wellington Place  
Leeds  
LS1 4AP

#### Bankers:

Lloyds TSB  
Hotel Street  
Bolton  
BL1 1DB

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Period Ended 31 August 2009**

The governors present their report together with the financial statements of the charitable company for the period ended 31 August 2009. 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.

##### **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 2009, and served during the period from incorporation, are listed on page 1.

During the period year under review the Governors held two 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.

##### **Responsibilities of the Governors**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Period Ended 31 August 2009 (continued)**

#### **Responsibilities of the Governors (continued)**

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which 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 the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

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. 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.

#### **Organisational Structure**

During the period a unified management structure was introduced to help improve the way the Academy is run. The structure now consists of three levels; the Governors, the Senior Leadership Team ('SLT') and the Senior Departmental Team. 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.

The SLT comprises the Principal, the Deputy Principal, six Directors and three Assistant Directors. 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 Senior Departmental Team, which includes Heads of Department, ICT Manager and Estates Manager, and the SLT, 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.

#### **Risk management**

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. However the Academy has yet to finalise a formal, written Risk Register. 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.

**ESSA ACADEMY**  
**REPORT OF THE GOVERNORS**  
**For the Period Ended 31 August 2009**  
**(continued)**

**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 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 Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Mr Latif Jiva as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly 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. The first report of the RO was made in October 2009.

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.

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Period Ended 31 August 2009 (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 Government" approved by the Secretary of State for Children Schools and Families. 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 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 a breakfast club, revision and course clinic sessions and offers participation in national schemes, such as Playing for Success. 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.

##### **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.

## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Period Ended 31 August 2009 (continued)**

#### **ACHIEVEMENTS AND PERFORMANCE**

Since its opening the Academy has significantly improved outcomes for its young people. 5 A\*-C including English and Maths rose from mid to high twenties (25% - 28%) for the previous 5 years to 37% in 2009. This year saw a further significant increase in 5 A\*-C to 67% (this was 37% just two years previously). The progress made by students compared to that made by similar students in similar schools is reported as significantly high in the 2009 FFT report (4<sup>th</sup>, 3<sup>rd</sup>, 2<sup>nd</sup> & 1<sup>st</sup> percentiles in 4 major indicators). In the 5 years from 2003-2007 NEETs averaged 12.5%; in 2008 and 2009 this figure averaged around 3.5% and is one of the highest success rates in the borough.

#### **FINANCIAL REVIEW**

##### **Financial report for the year**

The majority of the Academy's income is obtained from the DCSF in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DCSF during the period ended 31 August 2009 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 DCSF, 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 period ended 31 August 2009, total expenditure of £4,132k was more than covered by recurrent grant funding from the DCSF together with other incoming resources. The excess of income over expenditure for the period (excluding restricted endowment and fixed asset funds) was £764k.

At 31 August 2009 the net book value of fixed assets was £542k and movements in tangible fixed assets are shown in note 12 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 £88k which has been carried forward in the current year. 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 Unrestricted Fund would show a surplus of £31k.

##### **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 one month's expenditure, approximately £500k. 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 in deficit by £90k (this mainly includes the deficit position on the LGPS of £88k). The Academy intends to continue building up free reserves to the level needed.



## **ESSA ACADEMY**

### **REPORT OF THE GOVERNORS For the Period Ended 31 August 2009 (continued)**

#### **Financial position**

The Academy held fund balances at 31 August 2009 of £894k comprising £984k restricted funds, a deficit of £2k on unrestricted general funds, and a pension reserve deficit of £88k.

Restricted funds excluding fixed assets amount to £792k. This is shown in more detail in note 16 to the financial statements.

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

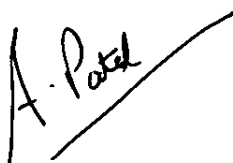
The Academy is highly focused on achieving all ECM outcomes for every student and plans to deliver this through improving learning. This will be underpinned by an innovative curriculum in a fit-for-purpose new build and by the use of new technologies. The curriculum is currently being phased in and when it runs throughout the Academy it will:

- deliver New Basics curriculum for all Year 7 students
- give appropriate significance to core subjects
- give students elective access to courses according to their stage of development, not their age (thus allowing pre-16 students access to level 3 courses, for example).

#### **AUDITORS**

The auditors, RSM Bentley Jennison, who were appointed in the period, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The report of the governors was approved by the governors on 16/12/09 and signed on their behalf by:



**Mr Anwer Patel**  
**Chair of Governors**

## **ESSA ACADEMY**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESSA ACADEMY (Limited By Guarantee)**

We have audited the financial statements of ESSA Academy for the period ended 31 August 2009, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, 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 company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF THE GOVERNORS AND THE 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 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 judgements 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**  
**(Limited By Guarantee)**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**ESSA ACADEMY (continued)**  
**(Limited By Guarantee)**

**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 2009 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 Children, Schools and Families in respect of the relevant financial year;
- proper accounting records have been kept by the charitable company throughout the financial year;
- grants made by the Department for Children, Schools and Families have been applied for the purposes intended; and
- the information given in the Governors' Report is consistent with the financial statements.

**Alan Dunwell**

Senior Statutory Auditor

*RSM Bentley Jennison*

For and on behalf of RSM Bentley Jennison, Statutory Auditor

2 Wellington Place

Leeds

LS1 4AP

Dated: *14th December 2009*

# ESSA ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES for the period ended 31 August 2009

	Note	Unrestricted Funds £000	Restricted Funds £000	Restricted Endowment Fund £000	Restricted Fixed Asset Funds £000	Total 2009 £000
<b>Incoming resources</b>						
Incoming resources from generated funds						
Activities for generating funds	2	58	-	-	-	58
Voluntary income	2	-	-	251	-	251
Investment income	3	1	-	-	-	1
Incoming resources from charitable activities						
Funding for the Academy's Educational operations	4	-	4,645	-	192	4,837
<b>Total incoming resources</b>		<u>59</u>	<u>4,645</u>	<u>251</u>	<u>192</u>	<u>5,147</u>
<b>Resources expended</b>						
Academy's Educational operations	5	-	(3,921)	-	-	(3,921)
Defined benefit pension scheme	19	(28)	-	-	-	(28)
Governance costs	6	-	(183)	-	-	(183)
<b>Total resources expended</b>	7	<u>(28)</u>	<u>(4,104)</u>	<u>-</u>	<u>-</u>	<u>(4,132)</u>
<b>Net incoming resources before transfers</b>		31	541	251	192	1,015
Transfers between funds	15	-	-	-	-	-
<b>Net incoming resources before other recognised gains and losses</b>		<u>31</u>	<u>541</u>	<u>251</u>	<u>192</u>	<u>1,015</u>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension scheme	19	(121)	-	-	-	(121)
<b>Net movement in funds carried forward at 31 August 2009</b>	16	<u>(90)</u>	<u>541</u>	<u>251</u>	<u>192</u>	<u>894</u>

The notes on pages 14 to 28 form part of these financial statements

# ESSA ACADEMY

## INCOME AND EXPENDITURE ACCOUNT for the period ended 31 August 2009

	Note	2009 £000
<b>Income</b>		
General Annual Grant (GAG)	1	3,184
Start up grants		929
Standard funds		242
Capital grants		192
Other Local Authority Grants		219
Special Education Needs		32
Interest receivable		1
Other income		<u>97</u>
<b>Total income</b>		<b>4,896</b>
<b>Expenditure</b>		
GAG related expenditure		3,093
Start up grants		479
Standard funds		242
Other Local Authority Grants		219
Special Education Needs		32
Depreciation		25
Net defined benefit pension scheme cost		28
Other expenditure		<u>14</u>
<b>Total expenditure</b>	<b>5 &amp; 6</b>	<b>4,132</b>
<b>Excess of income over expenditure</b>		<b><u>764</u></b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 August 2009

	Note	2009 £000
Excess of income over expenditure		764
Actuarial gain on defined benefit pension scheme from earlier periods	19	357
Actuarial loss on defined benefit pension scheme in current period	19	<u>(478)</u>
<b>Total recognised gains and losses for the year</b>		<b><u>643</u></b>
<b>Net movement to/(from) funds</b>		
Restricted funds		733
Unrestricted funds		<u>( 90)</u>
		<b><u>643</u></b>

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 10 which, together with the notes to the financial statements on pages 14 to 28, provides full information on the movements during the period on all the funds of the Academy.

All of the Academy's activities derived from continuing operations during the above financial period.

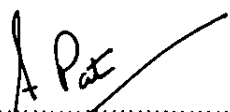
The notes on pages 14 to 28 form part of these financial statements

# ESSA ACADEMY

## BALANCE SHEET at 31 August 2009

	Note	2009 £000
<b>Fixed assets</b>		
Tangible assets	12	542
<b>Current assets</b>		
Debtors	13	139
Cash at bank		<u>1,444</u>
		1,583
<b>Current liabilities</b>		
Creditors: Amounts falling due within one year	14	<u>(1,143)</u>
<b>Net current assets</b>		440
<b>Net assets excluding pension liability</b>		<u>982</u>
Pension scheme liability		<u>(88)</u>
<b>Net assets including pension liability</b>		<u>894</u>
<b>Funds</b>		
Restricted funds:		
Fixed asset fund	15	192
Restricted General Fund	15	541
Endowment Fund	15	251
Unrestricted fund:		
General fund		(2)
Pension scheme liability		<u>(88)</u>
<b>TOTAL FUNDS</b>		<u>894</u>

The financial statements on pages 10 to 28 were approved by the governors on 16/12/09 and signed on their behalf by:

  
 .....  
 Mr Anwer Patel  
 Chair of Governors

The notes on pages 14 to 28 form part of these financial statements

**ESSA ACADEMY**

**CASH FLOW STATEMENT  
for the period ended 31 August 2009**

	<b>2009 £000</b>
<b>Net cash inflow from operating activities (see note below)</b>	1,760
<b>Management of liquid resources and financing</b>	
Additions to endowment fund	251
<b>Capital expenditure</b>	
Payments to acquire tangible fixed assets	<u>(567)</u>
<b>Increase in cash</b>	<u><b>1,444</b></u>

**NOTES TO CASH FLOW STATEMENT**

**Reconciliation of excess income over expenditure to net cash inflow from operating activities:**

	<b>2009 £000</b>
Excess of income over expenditure	764
Depreciation	25
Non cash movement on defined benefit pension scheme	(33)
Increase in debtors	(139)
Increase in creditors	<u>1,143</u>
<b>Net cash flow from operating activities</b>	<u><b>1,760</b></u>

**Analysis of changes in net cash**

	<b>Cash flows £000</b>	<b>2009 £000</b>
Net cash:		
Cash in hand and at bank	<u>1,444</u>	<u>1,444</u>

**ESSA ACADEMY**  
**PRINCIPAL ACCOUNTING POLICIES**  
**31 August 2009**

**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 period 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 period 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 period in which they are receivable, and where the benefit is both quantifiable and material.

***Interest receivable***

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

**Resources expended**

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

***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**  
**31 August 2009**  
**(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 DCSF and other donors which are to be used for specific purposes as explained in note 16.

In the period, 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	20%
Books	15%

**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**  
**31 August 2009**  
**(continued)**

**Pensions**

Academy staff are members of one of two defined benefit pension schemes. More details of the schemes are given in note 18 and 19.

**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 DCSF. 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 (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 FINANCIAL STATEMENTS  
31 August 2009**

**1. GENERAL ANNUAL GRANT (GAG)**

	<b>2009 £000</b>
GAG allocation for school year	<u>3,184</u>
<b>Total GAG available to spend</b>	<u><b>3,184</b></u>
Recurrent expenditure on GAG	(3,093)
Fixed assets purchased	<u>-</u>
<b>Total GAG expenditure</b>	<u><b>(3,093)</b></u>
 GAG under spend carry forward	 <u><b>91</b></u>
	(no breach)
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u><b>382</b></u>

**2. ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted 2009 £000</b>	<b>Restricted 2009 £000</b>	<b>Total funds 2009 £000</b>
Other income	58	-	58
Endowment Fund Income	<u>-</u>	<u>251</u>	<u>251</u>
	<u><b>58</b></u>	<u><b>251</b></u>	<u><b>309</b></u>

**3. INVESTMENT INCOME**

	<b>Unrestricted 2009 £000</b>	<b>Restricted 2009 £000</b>	<b>Total funds 2009 £000</b>
Bank interest	<u><b>1</b></u>	<u><b>-</b></u>	<u><b>1</b></u>

# ESSA ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2009

(continued)

4.	FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS		
	Unrestricted 2009 £000	Restricted 2009 £000	Total funds 2009 £000
	Department of Children Schools and Families Grant		
			General Annual Grant (GAG) (note 1)
	-	3,184	3,184
	-	929	929
	-	242	242
	Other Government grants		
	-	192	192
	-	32	32
	-	258	258
	-	4,837	4,837
5.	CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS		Total Funds
			2009 £'000
	<b>Direct educational costs</b>		
	Teaching and educational support costs		2,162
	Allocated depreciation		19
	Books, apparatus and stationery		133
	Examination fees		66
	School uniform		21
	Allocated utilities		100
	Agency teachers		154
	Teacher recruitment		14
	Other costs		188
			<u>2,857</u>
	<b>Allocated support costs</b>		
	Management and other support staff costs		441
	Allocated depreciation		6
	Catering		107
	Allocated utilities		33
	Insurance		35
	Advertising, printing and stationery		24
	Repairs, renewals and maintenance costs		193
	Telephone		4
	Support Staff Recruitment		4
	Other support costs		217
			<u>1,064</u>
	<b>Total of Academy's Educational Operations</b>		<u><b>3,921</b></u>

# ESSA ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2009

(continued)

### 6. GOVERNANCE

	2009 £'000
Teaching and Educational Support costs	23
Management and other support costs	67
Professional fees	82
Audit and accountancy fees	<u>11</u>
	<u>183</u>

### 7. RESOURCES EXPENDED

	Staff Costs £'000	Depreciation £'000	Other costs £'000	Total 2009 £'000
Educational operations	2,162	19	676	2,857
Support costs	441	6	645	1,092
Implementation costs	-	-	82	82
Governance	<u>90</u>	<u>-</u>	<u>11</u>	<u>101</u>
	<u>2,693</u>	<u>25</u>	<u>1,414</u>	<u>4,132</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 14.

### 8. STAFF COSTS AND NUMBERS

The aggregate payroll costs were as follows:

	2009 £'000
<b>Staff costs comprise:</b>	
Wages and salaries	2,252
Social security costs	178
Other pension costs	263
	<u>2,693</u>

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

	2009 No
<b>Particulars of employees:</b>	
Teachers	70
Educational support	39
Management and administration staff	25
	<u>134</u>

## ESSA ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS 31 August 2009 (continued)

#### 8. STAFF COSTS AND NUMBERS continued

Three employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2009. The total emoluments of these employees were in the following ranges:

	2009 No
£60,001 - £70,000	1
£70,001 - £80,000	1
£80,001 - £90,000	-
£90,001 - £100,000	1
	<hr/>
	<u>3</u>

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the period ended 31 August 2009, pension contributions for these staff amounted to £22,371.

#### 9. GOVERNORS' REMUNERATION AND EXPENSES

Two staff governors are employed by the Academy in teaching/non-teaching roles as permitted by the Memorandum and Articles of Association. Their remuneration for the period was £109,408 (including pension contributions of £13,520).

Another governor received payment from the Academy of £103 in respect of travel expenses.

#### 10. 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 and £10m on any one public and employer liability claim respectively and the cost for the period ended 31 August 2009 was £1k.

#### 11. OPERATING PROFIT

Operating profit is stated after charging:

	2009 £'000
Depreciation	25
Auditors' fees in respect of external scrutiny	11
Governors' liability insurance	<u>1</u>

**ESSA ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 August 2009**  
**(continued)**

**12. TANGIBLE FIXED ASSETS**

	<b>Fixtures and Fittings £000</b>	<b>IT Equipment £000</b>	<b>Books £000</b>	<b>Total £000</b>
<b>Cost</b>				
Additions	129	417	21	567
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2009	129	417	21	567
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
Charged in period	1	24	-	25
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2009	1	24	-	25
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
At 31 August 2009	<u>128</u>	<u>393</u>	<u>21</u>	<u>542</u>

All assets held at the 31 August were for the provision of education.

No assets were held under hire purchase or finance leases.

**Source of funding for assets acquired (cumulative to date)**

	<b>2009 £000</b>
General purpose fund (grant income)	567
Less accumulated depreciation	<u>(25)</u>
<b>Net book value of fixed assets at 31 August 2009</b>	<u><b>542</b></u>

**13. DEBTORS**

	<b>2009 £000</b>
Prepayments	52
Other debtors	<u>87</u>
	<u><b>139</b></u>

# ESSA ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

31 August 2009

(continued)

### 14. CREDITORS: Amounts falling due within one year

	2009 £000
Trade creditors	878
Other creditors	23
Accruals	<u>242</u>
	<u>1,143</u>

### 15. RESTRICTED FUNDS

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

	Incoming Resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2009 £000
<b>Restricted general funds</b>				
General Annual Grant (GAG)	3,184	(3,093)	-	91
Start up Grants	929	(479)	-	450
Standard Funds	242	(242)	-	-
Other grants	219	(219)	-	-
Special Educational Needs	32	(32)	-	-
Other income	<u>39</u>	<u>(39)</u>	<u>-</u>	<u>-</u>
	<u>4,645</u>	<u>(4,104)</u>	<u>-</u>	<u>541</u>
<b>Restricted fixed assets Funds</b>				
Other Government Grants	<u>192</u>	<u>-</u>	<u>-</u>	<u>192</u>
<b>Restricted Endowment fund</b>				
Voluntary donation	<u>251</u>	<u>-</u>	<u>-</u>	<u>251</u>
	<u>5,088</u>	<u>(4,104)</u>	<u>-</u>	<u>984</u>

### 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2009 are represented by:

	Unrestricted general funds £000	Restricted funds £000	Restricted FA fund £000	Restricted Endowment fund £000	Total £000
Tangible fixed assets	-	350	192	-	542
Current assets	1	1,331	-	251	1,583
Current liabilities	(3)	(1,140)	-	-	(1,143)
Pension scheme liability	<u>(88)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88)</u>
	<u>(90)</u>	<u>541</u>	<u>192</u>	<u>251</u>	<u>894</u>

28% of the Academy's net assets at 31 August 2009 are represented by the Endowment fund.