

Company Registration No. 06731593 (England and Wales)

**ESSA FOUNDATION ACADEMIES TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS'/ TRUSTEES' REPORT AND AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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# **ESSA FOUNDATION ACADEMIES TRUST**

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# ESSA FOUNDATION ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Mr A Patel  
Mr Y Patel  
Mr A Umarji  
Mr I Bobat  
Mr A Collins

### Directors

#### Non Executive directors

Mr I Bobat  
Ms K Longworth  
Ms N Byrne - Resigned 30/04/16  
Mr A Collins  
Mr A Patel - Chair of governors  
Mr Y Patel  
Mr N Whittle  
Mr A Umarji  
Mr C Fishwick - Resigned 31/08/16

#### Executive Directors

Mr S Wild - Resigned 04/09/15  
Mr A Chohan - Appointed 01/10/15, Resigned 31/08/16  
Mr A Cooper - Appointed 01/09/16

### Governors

#### **Essa Academy:**

#### Sponsor Governors

Mr A Patel - Chair of governors  
Mr M Francis - Resigned 31/08/16  
Mr I Kala - Appointed 01/09/15  
Mr K Rahman - Appointed 06/10/15  
Mr N Ford - Appointed 02/11/15  
Mr P Davidson - Appointed 02/11/15  
Ms C Edge - Appointed 02/11/15  
Mr A Chohan - Appointed 02/10/15

#### Parent Governors

Ms J Parker  
Ms N Arshad

#### Staff Governor

Ms S Towers - Resigned 31/08/16  
Mr J Ellis - Resigned 30/11/15 - Principal  
Mr J Turner - Appointed 22/11/16  
Mr P Otley-O'Conner - Interim Principal - Appointed 01/09/16

# ESSA FOUNDATION ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Essa Primary Academy

#### Sponsor Governors

Mr N Whittle - Chair

Ms N Byrne - Resigned 30/04/16

Ms S Patel

Ms G Grills - Resigned 31/08/16

Mr I Kala - Appointed 16/10/15

Mr S Reynolds - Appointed 18/11/15, resigned 30/04/16

Ms E Cathcart - Appointed 18/11/15

Ms J Atherton - Principal (On maternity leave from 30/11/15 to 01/07/16)

#### Parent Governors

Ms R Khan - Resigned 30/09/16

Ms A Patel

#### Staff Governor

Ms S Akram

### Leadership and Management Team

Mr S Wild - Management Team Director and Accounting Officer - resigned 04/09/15

Mr A Chohan - Interim Management Team Director and Accounting Officer - Appointed 01/10/15, resigned 31/08/16

Mr A Cooper - Chief Executive Officer and Accounting Officer - Appointed 01/09/16

Mr D Mole - Chief Financial Officer

Ms B Sansome - HR Director - Resigned 30/04/16

Ms M Pogson - HR Director - Appointed 18/11/16

Mr J Ellis - Resigned 30/11/15 - Principal Essa Academy

Mr P Ottley-O'Conner - Interim Principal Essa Academy - Appointed 01/09/16

Mr A Peet - Interim Head of School - Appointed 01/01/16, resigned 31/08/16

Ms J Atherton - Principal Essa Primary Academy (On maternity leave from 30/11/15 to 01/07/16)

Company registration number	06731593 (England and Wales)
Principal and Registered office	Lever Edge Lane Bolton Lancs BL3 3HH
Independent auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Bankers	Lloyds Bank Plc Hotel Street Bolton BL1 1DB

# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2016***

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The Directors/Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Essa Foundation Academies Trust is a charitable company established to set up and run academies and free schools in Bolton and further afield and to provide recreational and leisure time facilities in the interests of social welfare. The Trust is funded and regulated by the Department for Education. Academies and free schools are independent state funded schools.

The Essa Foundation Academies Trust aims to improve educational opportunity and secure high standards and achievement for children in the Trust's academies. The Trust's vision is *"All Will Succeed"*.

#### **Structure, governance and management**

##### **Constitution**

The Essa Foundation Academies Trust has been a multi-academy trust since 1st September 2014: it was originally a single academy trust - the Essa Academy Trust, incorporated on the 23 October 2008 as a company limited by guarantee with no share capital (registration no. 06731593) and was registered with the Charities Commission on 8 December 2008 as a registered charity (registration no. 1127085). The multi-academy trust is made up of the following schools; Essa Academy and Essa Primary Academy.

The Trust's Articles of Association and Funding Agreement with the Secretary of State for Education set out the Trust's purpose and how it will operate.

##### **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.

#### **Operational leadership and management of the trust and of individual academies**

The Management Team Director (CEO) is the Executive Director of the Trust, the Accounting Officer and a member of the Board of Directors. Academy Principals are Governors of their respective Local Governing Body.

The Management Team Director (CEO) is responsible for the overall operation and control of the Trust and Principals are responsible for the internal organisation, management, and control of their particular academy. Each Principal also has trust-wide responsibilities as determined by the Board of Directors.

The Local Governing Body delegates some of its responsibilities to the Principal. The Principal is responsible for the day-to-day leadership, management and control of the academy and for the achievement of all key performance indicators and/or targets within the remit of the Local Governing Body.

#### **Scheme of Delegation**

The separate and collective responsibilities, the decision making process, and the actions to be taken by individuals, Local Governing Bodies, and the Board of Directors, for all the key strategic and operational functions of the trust are set out in the remit and terms of reference of the Board of Directors and its standing and ad-hoc committees, in the remit and terms of reference of Local Governing Bodies and its ad-hoc working groups, and in the overall scheme of delegation.

# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Method of recruitment and appointment or election of Directors/Trustees

#### **Appointment of Directors**

The Trust has the following directors:

- Up to 8 Sponsor Directors- appointed by Essa Foundation Trust
- 4 Academy Directors- 2 Chairs of LGBs and 2 other suitably qualified individuals, appointed by the Board of Directors
- The Management Team Director (Chief Executive Officer)- appointed by the Board of Directors
- 2 Parent Directors (in the event that parents are not represented on LGBs- not currently utilised- elected by parents and appointed by the Board of Directors)

#### **Procedure for Recruiting and Appointing Suitably Qualified Individuals as Academy Directors and Committee Members**

The Board of Directors will routinely seek expressions of interest from appropriately skilled and experienced persons in becoming Academy Directors, and as required, Committee Members.

In seeking to recruit new Academy Directors/ Committee Members the Board will:

- Seek assistance from director and governor recruitment organisations
- Seek interest from local companies and organisations
- Advertise in local media and on the trust's website
- Seek recommendations from current directors and governors
- Seek interest from the sponsor's partner organisations

The Clerk will notify the Board, at each meeting, of relevant Academy Director/ Committee Member vacancies, and upcoming ends of terms of office.

Where an existing Academy Director, at the end of his/her term of office, wishes to continue as an Academy Director the Chair of the Board will:

- Seek the views of the Vice-chair and will then;
- Make a recommendation for/against re-appointment to the Board;
- Notify the existing Academy Director of the outcome.

Where there is a need to continue the role of a Committee Member at the end of his/her term of office the Chair will:

- Seek the view of the Chair of the Board's Committee, and will then;
- Make a recommendation for/against re-appointment to the Board; and
- Notify the Committee Member of the outcome.

Where a decision has been taken to fill vacant Academy Director posts or establish additional Committee Member posts the process of recruiting and appointing persons other than Chairs as Academy Directors and Committee Members will be as follows:

The Chair of the Board will make arrangements for the recruitment of new Academy Directors and Committee Members following procedures in the Trust's recruitment pack.

The Chair will notify the sponsor (Essa Foundation Trust) of applications from persons interested in becoming directors and will liaise with the sponsor (Essa Foundation Trust) in relation to these applicants to agree whether they should be considered for appointment as Sponsor Directors by the sponsor or as Academy Directors by the Board. Arrangements will be made by the sponsor (the Essa Foundation Trust) to progress any interest from applicants for appointment as Sponsor Directors.

# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2016**

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The Chair will make a recommendation, for or against, a prospective Academy Director/ Committee Member appointment to the Board, or Committee as appropriate. The Board of Directors approves all appointments and arranges induction.

#### **Procedure for Recruiting and Appointing/Electing Chairs of Local Governing Bodies (LGBs) as Academy Directors**

- Two Chairs of LGBs of open EFAT (Essa Foundation Academies Trust) academies may be appointed/ elected to the EFAT Board of Directors as Academy Directors.
- Two other suitably qualified individuals may be appointed/elected to the EFAT Board of Directors as Academy Directors.
- All Directors must be 18 or over.
- The appointment of an Academy Director is for 4 years.
- Academy Directors may be re-appointed.

The Chairs of LGBs of the first 2 EFAT academies will be appointed as Academy Directors.

Thereafter if there are more than 2 academies in the trust and a vacancy has arisen for an Academy Director who is a Chair of an LGB the process of election of these Academy Directors will be as follows:

The Clerk will notify the Board, at each meeting, of Academy Director vacancies, and upcoming ends of terms of office.

Chairs of LGBs are eligible for election/ appointment if their academy is open and:

- The Chair is not already a serving Academy Director, or
- The Chair is an Academy Director seeking re-election/re-appointment on completion of a term of office.
- The clerk will organise a secret ballot with each Chair having a single vote.

#### **Local Governing Bodies (LGBs)**

The Board determines the composition of LGBs:

- Sponsor Governors - majority- at least 5 - appointed by the Board of Directors
- Parent Governors- 2 for Essa Academy; up to 4 for Essa Primary Academy- elected by parents/ appointed by the LGB
- Staff Governor - 1 - elected by staff/ appointed by the LGB
- Principal- ex officio - appointed by the Board of Directors
- Co-opted Governors - as required, appointed by the LGB (no voting rights)

The term of office for Sponsor Governors is 4 years.

Sponsor Governors may be re-appointed.

All governors must be 18 or over.

#### **Process for Recruiting and Appointing Sponsor Governors to Local Governing Bodies**

The Board of Directors will routinely seek expressions of interest from appropriately skilled and experienced persons in becoming Sponsor Governors of the trust.

# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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In seeking to recruit new Sponsor Governors the Board will:

- Seek assistance from governor recruitment organisations
- Seek interest from local companies and organisations
- Advertise in local media and on the trust's website
- Seek recommendations from current directors and governors
- Seek interest from the sponsor's partner organisations

Where an existing Sponsor Governor, at the end of his/her term of office, wishes to continue as a Sponsor Governor the Chair of the Board will:

- Seek the views of the Chair of The LGB; and will then
- Make a recommendation for/against re-appointment to the Board.
- The Board must approve all re-appointments.
- Notify the existing Sponsor Governor of the outcome.

Where a decision has been taken to fill vacant Sponsor Director posts, the Management Team Director (CEO) will make arrangements for the recruitment of new Sponsor Governors.

The Chair will make a recommendation, for or against, a prospective Sponsor Governor appointment to the Board. The Board of Directors approves all appointments: LGBs arrange induction.

### **Process for Appointing Parents to Local Governing Bodies**

- The composition of an EFAT academy Local Governing Body (LGB) includes 2 Parent Governors for Essa Academy and up to 4 Parent Governors for Essa Primary Academy.
- A parent with a child attending an EFAT academy is eligible for election as a Parent Governor at that academy.
- Parents with a child attending the academy are eligible to vote. One vote per family.
- Once elected/appointed a Parent Governor can continue to serve as a governor until the end of his/her term of office even if his/her child leaves the academy during this period.
- All governors must be 18 or over.
- The term of office for Parent Governors is 4 years.
- A person appointed as a Parent Governor may stand for re-election as long as they are still eligible.

In the case of one of more vacancies for a Parent Governor, the Principal of the academy will notify all eligible parents of the vacancy or vacancies and the application process and invite expressions of interest in becoming a Parent Governor.

If there are more completed expression of interest forms than vacancies the Principal will arrange for an election to take place.

The Principal will report the outcome to the next meeting of the LGB.

The LGB will formally appoint the elected parent as a Parent Governor.

The Principal will report the outcome to all parents.

Where it is not reasonably practical to appoint/elect a parent of a child at the academy the LGB may appoint a parent of a child of compulsory school age to be a Parent Governor following the procedure for Co-opted Governors.

### **Process for Appointing Staff Governors to Local Governing Bodies**

The composition of an EFAT academy LGB includes 1 staff governor.

Arrangements for the election and appointment of staff governors follow the same procedure as for parent governors- but from the staff group.



# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Organisational structure

#### Members, Directors and Governors

The Trust is led by its Members and the Board of Directors. The Founding Members of the Trust are the organisation and the individuals who established the Trust. These Founding Members appointed the first Directors of the Trust.

The Board of Directors delegates some of its functions to standing committees- currently Audit and Risk Committee and ad-hoc committees for hearings and appeals.

Much of the day-to-day governance of each academy in the Trust is delegated by the Board of Directors to each Local Governing Body, which are committees of the Board of Directors.

#### Policies and procedures adopted for the induction and training of Directors/Trustees

EFAT is committed to ensuring that directors and governors have access to, and take up, a wide range of training and support to develop their skills and expertise as directors and governors. The Board of Directors and each Local Governing Body arranges an annual programme of training, visits, and briefings for directors and governors at convenient dates and times. Training costs are met by the Trust. Governance Handbooks have been written for directors and governors that explain the trust's legal status, the trust's governance roles, responsibilities, and accountabilities; its structures, ways of working, and decision making; and the distinctive but complementary responsibilities of each level of governance within the trust.

The Directors who were in office at 31 August 2016 and served during the year are listed in this Report. During the year under review the Directors held five meetings.

#### **Roles and Responsibilities**

The Trust's Members and Directors have and accept ultimate responsibility for directing the affairs of the trust as a charity, ensuring it is solvent, well run, and meeting the needs for which it has been set up. They also have duties under company law to only act in accordance with the company's constitution and its powers, promote the success of the company, exercise independent judgement, reasonable care, skill and diligence, avoid and declare conflicts of interest, and not accept benefits from third parties.

The Board of Directors is also responsible for establishing the Trust's overall governance arrangements and working practices; ensuring all employees, directors and governors have the skills, knowledge, and experience to carry out their functions; establishing a scheme of delegation and challenging Local Governing Bodies on standards and attainment and outcomes for pupils and students in each academy.

#### Local Governing Bodies

Local Governing Bodies are the local leaders of the trust. The Board of Directors has established a Local Governing Body for each academy.

A Local Governing Body acts as a committee of the Board - its role is to exercise leadership on behalf of the trust in the running of each individual academy and to be accountable to the Board of Directors for the operation and performance of their academy.

In line with the overall vision, strategy, ethos, and broad policy framework of the Trust the Local Governing Body sets the direction for each academy, monitors and evaluates its performance, acts as a critical friend and holds leaders to account for the pace and rate of improvement and the achievement of all pupils, ensures compliance with all financial, statutory and regulatory requirements, and helps the academy respond to, and meet the needs of, parents and the wider local community.

The Directors of the Trust appoint the majority of Governors and the Chair of each Local Governing Body. Parents elect parent Governors and the staff in each academy elects Staff Governors. A few Governors may also be Directors of the Trust.

# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Arrangements for setting pay and remuneration of key management personnel

The Board of Directors approves pay policies for all employees annually. The Board of Directors establishes a remuneration committee of 3 directors to review the performance and pay of the Management Team Director (CEO) and a remuneration committee of 3 directors and the Chair of each LGB, advised by the Management Team Director (CEO), to review the performance and pay of Principals.

The key leadership and management personnel of the Trust comprise the leadership and management posts as set out on page 2.

The remuneration policy, setting the terms and conditions for the key leadership and management personnel, was developed and approved by the Board of Directors, after taking advice from the Management Team Director (CEO) and following guidance from the relevant professional pay review bodies. The Management Team Director (CEO) was not involved in setting his own remuneration package.

The Board of Directors has delegated responsibility for reviewing the performance and pay of employees based in academies, other than Principals, to the LGBs and Principals.

The Management Team Director (CEO) reviews the performance of senior managers in the Support Services Team.

Non executive directors and governors, other than Principals, are not remunerated. Specific disclosures concerning remuneration of senior staff is included in note 8 and note 9

The policy and procedures to be followed for reviewing the pay and remuneration of key leadership and management personnel are set out in the Trust's pay policies and appraisal policy, which are reviewed annually by the Board of Directors.

The remuneration of key leadership and management personnel is set at an individual level, and where possible the Trust has taken external professional advice, which includes benchmarking, market trends and advice on structuring of incentives. Senior leadership and management salaries are linked closely to pay spines, helping directors to determine that each post is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The Board of Directors always bears in mind the charitable status of the Trust and recognises the fact that the Trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures the remuneration paid to senior leadership and management personnel never exceeds a reasonable amount that provides value for money to the Trust. The performance of senior management personnel is reviewed on an annual basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 8 and 9.

### Related parties and other connected charities and organisations

Essa Foundation Trust is the sponsor of Essa Foundation Academies Trust. Some directors of Essa Foundation Academies Trust are also Members, Directors/Trustees of Essa Foundation which is an educational charity set up to encourage research, development, and the introduction of best practice across schools and curriculums. Essa Education Limited is a wholly owned trading subsidiary of Essa Foundation Academies Trust. The Interim Management Team Director, Mr A Chohan, is also the Chair of Governors at Olive Tree Primary School. A non executive director of EFAT, Mr Y Patel, is also a Director / Chair of Bolton Muslim Girls School and Bright Futures Education Trust.

# ESSA FOUNDATION ACADEMIES TRUST

## DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **Risk Management**

The Trust can be held liable for decisions made by both the Board of Directors and Local Governing Bodies.

The main areas of risk are:

- Health and safety/ Safeguarding
- Human resources
- Special educational needs and disability (SEND)
- Financial management

Health and safety - the Trust has a responsibility to ensure that neither pupils/students nor employees are put at unnecessary risk whilst at an academy, or on trust-wide or individual academy business and has developed policies and procedures covering all aspects of health and safety.

Safeguarding- academy trusts are required to have arrangements in place, in line with statutory guidance, to ensure that they safeguard and promote the welfare of children. EFAT has developed policies and procedures for safeguarding children and for ensuring safer recruitment practices, aimed at preventing unsuitable staff and volunteers from working with children, are followed.

In addition, educational settings have a central role to play in the early identification of any welfare concerns about an individual child, additional needs he/she might have, and indicators of possible abuse and neglect. Staff in the Trust's academies and staff with trust-wide positions work with other organisations to share information about individual children in order to protect them from harm. Directors and governors ensure that all academies and central staff adhere to these arrangements.

Human resources- The Trust is the employer of all staff working in its academies and in any trust-wide capacity and has responsibilities as an employer. A scheme of delegation is in place to ensure that EFAT's HR policies and procedures and the requirements of equalities legislation and best employment practices are followed in appointments and in all work-related matters for staff working for the Trust.

Special educational needs and disability-the SEN Code of Practice sets out what the trust's responsibilities are for children with special educational needs and/or disabilities. This role is delegated to Local Governing Bodies.

Financial management- the Board of Directors is responsible for the overall financial performance of the Trust and for ensuring that its money is well spent. Day-to-day management and control of each academy's budget is delegated to Local Governing Bodies and Principals who must ensure that they comply with the principles of regularity, propriety, and value for money in their use of delegated revenue budgets and any delegated capital funding, monitor their budgets properly throughout the year, and ensure that the trust's financial procedures, as set out in EFAT's Financial Handbook, are being followed.

### **Objectives and activities**

#### Objectives and aims

The principal objective and activity of the charitable company is the operation of Essa Foundation Academy Trust to provide education for pupils of different abilities between the ages of 5 and 16.

# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2016**

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The main aims and objectives of the Trust are summarised below:

- to raise achievement and aspirations for all through the use of innovation and new technologies;
- to raise the profile of Essa Foundation Academies Trust 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 Foundation Academies Trust as a creative and vibrant multicultural learning community.

In setting objectives and planning activities, the Directors/ Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

There are currently two academies in the Trust - Essa Academy, an 11-16 school which opened in January 2009 and Essa Primary Academy, a free school for primary aged children which opened in September 2014. Both academies are in Bolton. The academies are non-selective and have a combined pupil capacity of 1320 and had a combined roll of 1080 at 31st August 2016.

The Trust's sponsor is the Essa Foundation Trust which is an educational charity set up by the Patel family, owners of a leading pharmacy chain in the North West of England, to encourage research, development, and the introduction of best practice across schools and curriculums.

#### **Equality, SEND and Accessibility**

EFAT is also subject to equalities and disabilities legislation, through its Funding Agreement, as an employer and by the distinct public equality duty.

Each Local Governing Body has plans in place and is responsible for ensuring that their academy strives to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under these Acts;
- advance the equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it (i.e. tackle prejudice and promote understanding); and
- increase the extent to which disabled pupils can participate in the curriculum; and
- improve the physical environment of the academy to increase the extent to which pupils can take advantage of education and associated services; and
- improve the delivery to disabled pupils of information which is provided in writing for pupils who are not disabled.

#### Public benefit

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

# ESSA FOUNDATION ACADEMIES TRUST

## DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Strategic report

#### Key performance indicators

The Board of Directors and LGBs identify a number of key performance indicators and targets for the Trust as a whole and each academy in the Trust.

KPIs and targets cover key aspects of the Trust's and an individual academy's performance, for example the effectiveness of safeguarding procedures; academy standards and attainment, progress made by individual pupils/students or underperforming groups; attendance and exclusions; parental views; and financial management.

KPIs are regularly and frequently monitored and reviewed and are a major factor in assessing the overall performance of the Trust and individual academies.

### Academy performance

#### Essa Academy

The Academy was inspected in January 2014 and was rated "Good".

Performance improved slightly in Essa Academy in the 2015/16 academic year.

Results for the year include:

- Pupil attainment of grade A\*-C in English and Maths at GCSE increased from 50% in 2015 to 52% in 2016.
- The average Attainment 8 score achieved by all students increased from 43.1 in 2015 to 44.7 in 2016, which is equivalent to an average grade of D- across 8 subjects.
- The percentage of students achieving at least a grade C in English at GCSE increased from 57% in 2015 to 59% in 2016, against a target 64%.
- 60% of students achieved at least a grade C in maths at GCSE against a target of 66%.
- The percentage of students achieving the English Baccalaureate decreased from 20% in 2015 to 16% in 2016, against a target of 10%.

The table below shows the Academy's academic performance against national averages

	2015 School	2015 National	2016 School	2016 National
Attainment 8	43.1	48.1	44.7	49.3
Progress 8	-0.22	0	-0.13	0
English & Maths	50%	58%	52%	62%
EBacc	20%	24%	16%	24%

Average attendance at the end of the academic year was 94.2%, which above the target of 93%.

There were no permanent exclusions.

# ESSA FOUNDATION ACADEMIES TRUST

## DIRECTORS'/ TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### Essa Primary Academy

The academy has not yet been inspected by Ofsted.

Essa Primary opened in September 2014. Of the 29 students in Year Two in 2015/16 48% achieved at least Age Related Expectation (ARE) in reading, 34% in writing and 48% in maths.

The table below shows the Academy's performance against national averages:

	2015 School	2015 National	2016 School	2016 National
EYFS GLD	59%	66%	54%	66%
Phonics screening	67% (Y1) 87% (Y2)	77% (Y1) 90% (Y2)	41% (Y1) 64% (Y2)	81% (Y1) 91% (Y2)
KS1 Writing	40%	72%	34%	65%
KS1 Reading	60%	82%	48%	74%
KS1 Maths	73%	82%	48%	73%

The following areas for improvement were identified:

- Increase the percentage of pupils making a Good Level of Development by the end of the Early Years Foundation Stage.
- Increase the percentage of pupils reaching the expected standard in the phonics screening check.
- Increase the percentage of pupils achieving age-related expectations in writing, reading and maths by the end of Key Stage 1.
- Build on the success of recent work carried out with pupils who have SEN/D so that these pupils make accelerated progress.

These areas will be addressed over the course of the academic year.

### Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Trust 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 Accounting Policies.

# ESSA FOUNDATION ACADEMIES TRUST

## DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### Financial review

The majority of the Trust'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 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust 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 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

During the year ended 31 August 2016, total expenditure expended of £7,139k (2015 - £6,537k) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted endowment and fixed asset funds) was £31k (2015 - £106k).

At 31 August 2016 the net book value of fixed assets was £23,657k (2015 - £24,080k) and movements in fixed assets are shown in notes 11 and 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the two academies in the Trust.

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted fund. This resulted in the pension fund showing a deficit of £1,939k (2015 - £653k deficit), which has been carried forward.

The Academy held fund balances at 31 August 2016 of £23,873k (2015 - £25,529k). A summary is shown in the table below;

Funds	2016 £000	2015 £000
Restricted Funds:		
Restricted General Fund	93	566
Pension Reserve	(1,939)	(653)
Endowment Fund	645	616
Fixed Asset Fund	23,655	23,930
Total Restricted Funds	22,454	24,459
Unrestricted Funds	1,419	1,070
Total Funds	23,873	25,529

#### Reserves policy

The Board of Directors reviews the reserve levels of the Multi-Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Board of Directors has determined that the appropriate level of free reserves should be equivalent to 2% of GAG, approximately £122k. 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 Multi-Academy Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,419k (2015 - £1,070k).

# ESSA FOUNDATION ACADEMIES TRUST

## DIRECTORS' / TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### Investment policy and powers

The Board of Directors has delegated authority, through the Management Team Director (CEO), to the Chief Financial Officer to utilise the term deposit arrangements with Lloyds in order that interest receipts are maximised in a low risk investments. Unless authorised by the Board of Directors, 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 Trust has continued to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the organisation's assets and reputation. The Audit and Risk Committee oversees a termly internal audit inspection and a programme of risk review.

A risk register is maintained by each academy and the Trust as a whole, which is reviewed regularly by the Audit and Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and its Academies and the actions being taken to reduce and mitigate the risks.

Outlined below is a description of the principal financial risk factors that may affect the Trust and its academies and the nursery from January 2017. Not all the factors are within the organisation's control. Other factors besides those listed below may also adversely affect the Trust.

#### 1. Government funding

The Trust has considerable reliance on continued government funding through the EFA. In 2015/16, 93% of the Trust's recurrent revenue was ultimately publicly 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.
- Protecting the Trust from reputational damage is a key component of our risk strategy and this includes an ongoing focus on achieving outstanding performance and excellent examination results.

#### 2. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme asset on the Trust's balance sheet in line with the requirements of FRS 102. We will continue to carefully review the level of exposure to the pension fund deficit. The government has assured academy trusts that it will underwrite any pension liabilities.

#### 3. Minimise the risk of litigation against the Trust

The Board of Directors, Local Governing Bodies, and senior managers are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, students and other users of the Trust's facilities 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

Directors, governors and all staff 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

The Board of Directors, Local Governing Bodies and senior leaders work closely with the Trust's external auditor, internal Responsible Officer and Audit and Risk Committee to ensure internal controls are in place to minimise the possibility of unexpected financial losses. Furthermore, scrutiny of financial information by the Board of Directors helps to ensure due diligence in all aspects of financial planning and budgeting, including cash management and forecasting.



# **ESSA FOUNDATION ACADEMIES TRUST**

## **DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **Plans for future periods**

The Board of Directors appointed a full-time permanent Management Team Director (CEO) for the Trust who took up post on the 1st September 2016 to further develop the trust and to raise standards and attainment.

The curriculum will be further developed to help improve academic standards. This will include the use of technology such as i-books, i-Tunes-U courses and other E-learning tools, as well as more traditional teaching methods. The Trust is planning to expand in the future.

The Trust plans to open a nursery in January 2017, which will be run by its wholly-owned subsidiary Essa Education Limited. The Trust also intends to recruit a new Principal for Essa Academy: an Interim Principal is in place currently.

### **Auditor**

The Board of Directors has confirmed that, as far as they are aware:

- there is no relevant audit information of which the auditors are unaware.
- Each of the Directors/ Trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Directors' / Trustees' Annual Report is approved by order of the Board of Directors and the Strategic Report (included therein) was approved by the Board of Directors in their capacity as Directors at a meeting on 9 December 2016 and signed on its behalf by:



Mr A Patel  
Chair of Governors

# ESSA FOUNDATION ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Scope of responsibility

As Directors / Trustees, we acknowledge we have overall responsibility for ensuring that Essa Foundation Academies Trust 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 Board of Directors has delegated the day-to-day responsibility to the Management Team Director (CEO), Mr A Cooper, 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 Foundation Academies Trust and the Secretary of State for Education. The Management Team Director (CEO) is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

The information on governance included here supplements that described in the Directors' / Trustees' Report and in the Statement of Directors / Trustees' Responsibilities. Changes to the Board membership are detailed in the Trustees Report. Mr A Patel will continue as Chair and vacancies arising from the resignation of Directors will be filled in the coming year.

The Board of Directors has formally met five times during the year. Attendance during the year at meetings was as follows:

Directors/Trustees	Meetings attended	Out of possible
Mr A Umarji	4	5
Mr A Patel (Chair of Governors)	5	5
Mr Y Patel	5	5
Mr I Bobat	5	5
Ms K Longworth	4	5
Ms N Byrne (Resigned 21 April 2016)	2	4
Mr A Collins	4	5
Mr N Whittle	2	5
Mr A Chohan (Acting Management Team Director (CEO)) (Appointed 1 October 2015 and resigned 31 August 2016)	5	5
Mr C Fishwick (Resigned 31 August 2016)	5	5
Mr A Cooper (Chief Executive Officer and Accounting Officer) (Appointed 1 September 2016)	0	0

### Key Challenges

A key challenge for the Board in the past year was to appoint a permanent, full-time Management Team Director (CEO) to lead the development of the Trust - it succeeded in appointing Mr A Cooper, who took office on 1 September 2016.

An Interim Principal for Essa Academy was also appointed in September 2016 and the Board intend to make a permanent appointment in 2017.

During the maternity leave of the Primary Principal, a temporary member of staff with significant primary headship experience was appointed part-time, to strengthen the Senior Leadership Team within the Primary Academy.

The Board of Directors reviews governance, including a review of the Scheme of Delegation, annually. This year the Board of Directors increased the number of Parent Governors on the LGB of Essa Primary Academy from 2 to up to 4. No other changes have been made.

# ESSA FOUNDATION ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Audit and Risk Committee is a committee of the Board of Directors. Its purpose is to keep under review arrangements for checking the Trust's financial controls, systems, transactions and all risks. There has been no change in membership during the year. Attendance at meetings in the year was as follows:

Directors/Trustees	Meetings attended	Out of possible
Mr I Bobat	4	4
Ms K Longworth	4	4
Mr C Fishwick (Resigned 31 August 2016)	4	4

### Review of value for money

As Accounting Officer, the Management Team Director (CEO) has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the public funding received.

The Accounting Officer considers how the Trust's use of its resources had provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved.

Value for money has been delivered during the year by further development of electronic ordering and invoicing, ensuring better control over purchase authorisation and invoice payment. Use of online procurement has given access to a wider market and better value for money purchasing. Certain key contracts, including gas, electricity have been re-procured to reduce future costs. The public has been encouraged to use the sports facilities at Essa Academy in the evenings and weekends to maximise use of publically funded assets. A number of voluntary and charity groups have also used the Trust's facilities out of school hours.

### The purpose of the system of internal control

The system of internal financial and other controls is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Trust's aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As Directors / Trustees, we acknowledge we have overall responsibility for ensuring that the Trust has an effective and appropriate system of controls, 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 Trust and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- The Trust 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 Trust or for publication is reliable;
- The Trust complies with relevant laws and regulations.

### Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. The Board of Directors regularly reviews this process.

# **ESSA FOUNDATION ACADEMIES TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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### **The risk and control framework**

The Trust'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 Board of Directors and also monitored by individual Local Governing Bodies;
- regular reviews by the Board of Directors 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 Board of Directors has established an Audit and Risk Committee whose terms of reference are as follows:

- Establish and keep under review arrangements for checking the trust's financial controls, systems, transactions, and all risks.
- Recommend to the Board of Directors the most appropriate way of carrying out risk review and the checking of financial controls.
- Ensure the development of, and keep under review, a business continuity plan and comprehensive risk assessment, risk register, and risk mitigation plan.
- Ensure any recommendations for improvement by external auditors, internal audit review, or by external agencies e.g. the EFA or DfE are carried out.
- Monitor the integrity of the financial statements of the Trust, including its annual report.
- Report to the Board on value for money.
- Develop, for the Board of Director's approval, and keep under review the Trust's codes of conduct/ practice and corporate responsibility policies, and whistle blowing policy.

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 FOUNDATION ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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UHY Hacker Young Manchester LLP provides the role of internal auditor. Its role is to provide independent assurance that the Trust's risk management, governance and internal control processes are operating effectively. It reviews the effectiveness and scope of the Scheme of Delegation and reviews and evaluates the approach to risk management, including the identification of risks, mitigating actions and their execution. It reviews the internal control environment and tests its effectiveness. The Internal Auditor reports to the Audit and Risk Committee on its conclusions and recommendations. Its reports are made available to external auditors to inform their assessment of the control environment.

The Audit and Risk Committee establishes an annual internal audit work programme each year. During the year the Internal Auditor reviewed payroll, order authorisation and processing and cash handling and accounting. No material control weaknesses were identified. The Audit and Risk Committee receives a regular update from the Chief Financial Officer on progress against internal and external audit recommendations for improvements in the system of financial control.

### **Review of effectiveness**

The Management Team Director (CEO), as Accounting Officer, 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 and Risk Committee
- The work of the internal auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Audit and Risk Committee has 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 board of Directors on 9 December 2016 and signed on its behalf by:



Mr A Patel  
Chair of Governors



Mr A Cooper  
Chief Executive Officer and Accounting Officer

# **ESSA FOUNDATION ACADEMIES TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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As accounting officer of Essa Foundation Academies Trust I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of governors 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 2015.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of governors and EFA. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA:

For part of the year, the academy obtained services from a trustee/director. These services were invoiced through the director's service company which is contrary to the provisions of the Academies Financial Handbook 2015, section 3.1.21 - Tax Arrangements for Senior Employees. The arrangement was also contrary to EFA guidelines on procurement of services from a related party, which ought to be charged without profit.

The academy has since changed his employment status to correct the matter from 1 January 2016.



**Mr A Cooper**  
**Accounting Officer**

09 December 2016

# ESSA FOUNDATION ACADEMIES TRUST

## STATEMENT OF DIRECTORS'/ TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Directors/Trustees (who act as trustees for Essa Foundation Academies Trust and are also the directors of Essa Foundation Academies Trust for the purposes of company law) are responsible for preparing the Directors'/ Trustees' Report and the accounts in accordance with the Annual Accounts Direction 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 Directors/Trustees to prepare accounts for each financial year. Under company law the Directors/Trustees must not approve the accounts 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 accounts, the Directors/Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors/Trustees 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 accounts 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 Directors/Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from EFA/DfE have been applied for the purposes intended.

The Directors/Trustees 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of governors on 09 December 2016 and signed on its behalf by:

  
Mr A Patel  
Chair of Governors

# **ESSA FOUNDATION ACADEMIES TRUST**

## **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF ESSA FOUNDATION ACADEMIES TRUST**

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We have audited the accounts of Essa Foundation Academies Trust for the year ended 31 August 2016 set out on pages 26 to 50. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors/Trustees and auditors**

As explained more fully in the Directors'/ Trustees' Responsibilities Statement set out on page 21, the Directors/ Trustees, who are also the directors of Essa Foundation Academies Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors/Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Directors'/ Trustees' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors'/ Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.



# **ESSA FOUNDATION ACADEMIES TRUST**

## **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF ESSA FOUNDATION ACADEMIES TRUST (CONTINUED)**

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### **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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Mark Robertson (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young Manchester LLP

**Chartered Accountants**  
**Statutory Auditor**  
St James Building  
79 Oxford Street  
Manchester  
M1 6HT

Dated: 15/12/16...

# **ESSA FOUNDATION ACADEMIES TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ESSA FOUNDATION ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Essa Foundation Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Essa Foundation Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Essa Foundation Academies Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Essa Foundation Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Essa Foundation Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Essa Foundation Academies Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Essa Foundation Academies Trust for the year ended 31 August 2016 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

# ESSA FOUNDATION ACADEMIES TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ESSA FOUNDATION ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

For part of the year, the academy obtained services from a trustee/director. These services were invoiced through the director's service company which is contrary to the provisions of the Academies Financial Handbook 2015, section 3.1.21 - Tax Arrangements for Senior Employees. The arrangement was also contrary to EFA guidelines on procurement of services from a related party, which ought to be charged without profit.

The academy has since changed his employment status to correct the matter from 1 January 2016.



Mark Robertson  
Reporting Accountant  
JHY Hacker Young Manchester LLP

Dated: 15/12/16

# ESSA FOUNDATION ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Endowment Fixed asset £'000	Funds £'000	Total 2016 £'000	Total 2015 £'000
<b>Income and endowments from:</b>							
Donations and capital grants	2	51	-	103	-	154	2,698
<b>Charitable activities:</b>							
- Funding for educational operations	3	-	6,800	-	-	6,800	6,582
Other trading activities	4	285	18	-	-	303	353
Investments	5	16	-	-	29	45	29
<b>Total income and endowments</b>		<u>352</u>	<u>6,818</u>	<u>103</u>	<u>29</u>	<u>7,302</u>	<u>9,662</u>
<b>Expenditure on:</b>							
<b>Charitable activities:</b>							
- Educational operations	7	3	7,136	687	-	7,826	7,310
<b>Total expenditure</b>	6	<u>3</u>	<u>7,136</u>	<u>687</u>	<u>-</u>	<u>7,826</u>	<u>7,310</u>
<b>Net income/ (expenditure)</b>		349	(318)	(584)	29	(524)	2,352
Transfers between funds		-	(308)	308	-	-	-
<b>Other recognised gains and losses</b>							
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(1,132)	-	-	(1,132)	(51)
<b>Net movement in funds</b>		349	(1,758)	(276)	29	(1,656)	2,301
<b>Reconciliation of funds</b>							
Total funds brought forward		<u>1,070</u>	<u>(88)</u>	<u>23,931</u>	<u>616</u>	<u>25,529</u>	<u>23,228</u>
Total funds carried forward		<u>1,419</u>	<u>(1,846)</u>	<u>23,655</u>	<u>645</u>	<u>23,873</u>	<u>25,529</u>

# ESSA FOUNDATION ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information		Unrestricted	Restricted funds: Endowment			Total
Year ended 31 August 2015		Funds	General	Fixed asset	Funds	2015
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	45	-	2,653	-	2,698
<b>Charitable activities:</b>						
- Funding for educational operations	3	-	6,582	-	-	6,582
Other trading activities	4	260	93	-	-	353
Investments	5	3	-	-	26	29
<b>Total income and endowments</b>		<b>308</b>	<b>6,675</b>	<b>2,653</b>	<b>26</b>	<b>9,662</b>
<b>Expenditure on:</b>						
<b>Charitable activities:</b>						
- Educational operations	7	-	6,707	603	-	7,310
<b>Total expenditure</b>	<b>6</b>	<b>-</b>	<b>6,707</b>	<b>603</b>	<b>-</b>	<b>7,310</b>
<b>Net income/(expenditure)</b>		<b>308</b>	<b>(32)</b>	<b>2,050</b>	<b>26</b>	<b>2,352</b>
Transfers between funds		-	(4)	4	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(51)	-	-	(51)
<b>Net movement in funds</b>		<b>308</b>	<b>(87)</b>	<b>2,054</b>	<b>26</b>	<b>2,301</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		762	-	21,876	590	23,228
Total funds carried forward		1,070	(87)	23,930	616	25,529

# ESSA FOUNDATION ACADEMIES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2016

		2016	2015
	Notes	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	11	17	25
Tangible assets	14	23,640	24,055
		<u>23,657</u>	<u>24,080</u>
<b>Current assets</b>			
Debtors	15	391	1,329
Investments	13	518	518
Cash at bank and in hand		2,133	2,215
		<u>3,042</u>	<u>4,062</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(887)	(1,960)
<b>Net current assets</b>		<u>2,155</u>	<u>2,102</u>
<b>Net assets excluding pension liability</b>		<u>25,812</u>	<u>26,182</u>
Defined benefit pension liability	22	(1,939)	(653)
<b>Net assets</b>		<u>23,873</u>	<u>25,529</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	18		
- Fixed asset funds		23,655	23,930
- Restricted income funds		93	566
- Pension reserve		(1,939)	(653)
- Endowment funds		645	616
<b>Total restricted funds</b>		<u>22,454</u>	<u>24,459</u>
<b>Unrestricted income funds</b>	18	<u>1,419</u>	<u>1,070</u>
<b>Total funds</b>		<u>23,873</u>	<u>25,529</u>

The accounts set out on pages 26 to 50 were approved by the board of governors and authorised for issue on 09 December 2016 and are signed on its behalf by:

  
 Mr A Patel  
 Chair of Governors

Company Number 06731593

# ESSA FOUNDATION ACADEMIES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	20	(752)	497
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		16	29
Capital grants from DfE and EFA		922	1,852
Payments to acquire intangible fixed assets		-	(27)
Payments to acquire tangible fixed assets		(268)	(1,840)
		<u>670</u>	<u>14</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(82)</b>	<b>511</b>
Cash and cash equivalents at 1 September 2015		<u>2,215</u>	<u>1,704</u>
<b>Cash and cash equivalents at 31 August 2016</b>		<b><u>2,133</u></b>	<b><u>2,215</u></b>

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **1 Accounting policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### **1.1 Basis of preparation**

The accounts of the academy trust, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Essa Foundation Academies Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Essa Foundation Academies Trust prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 25.

#### **1.2 Going concern**

The Directors/Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors/Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### **1.3 Group accounts**

The financial statements present information about the academy trust as an individual entity and not about its group. The academy trust has taken advantage of the exemption not to prepare group accounts, as the subsidiary company is immaterial to the group.

#### **1.4 Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### 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. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.



# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, incoming resources from charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, Directors'/ Trustees' meetings and reimbursed expenses.

#### 1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software - 25% straight line

#### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

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. Where the related grants require the asset to be held for a specific purpose and continued use they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy by transfer from the restricted fixed asset funds in the Statement of Financial Activities to offset the depreciation of the asset.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	45 years straight line
Books	15% straight line
Computer equipment	25% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	25% straight line

Land and buildings freehold are measured at deemed cost. On transition to FRS102 an entity may elect for certain assets to be measured at fair value at the date of transition and for that fair value to be used as the deemed cost of the item going forward.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

#### 1.8 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

#### 1.9 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.10 Investments

Current asset investments are stated at market value and adjusted when a material change in value occurs.

#### 1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.12 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### 1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Directors/Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education and other donors, where the asset acquired or created is held for a specific purpose on a continuing basis.

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

Endowment fund represents monies from the sponsors for investment according to their wishes.

#### 1.14 Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### 1.15 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	103	-	103	2,653
Other donations	51	-	-	51	45
	<u>51</u>	<u>103</u>	<u>-</u>	<u>154</u>	<u>2,698</u>

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 3 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	6,119	6,119	5,876
Other DfE / EFA grants	-	606	606	655
	-	6,725	6,725	6,531
<b>Other government grants</b>				
Local authority grants	-	75	75	51
<b>Total funding</b>	-	6,800	6,800	6,582

### 4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Catering income	171	-	171	169
Trip income	-	18	18	93
Other income	114	-	114	91
	285	18	303	353

### 5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Endowment Funds £'000	Total 2016 £'000	Total 2015 £'000
Endowment income	-	-	29	29	26
Other investment income	16	-	-	16	3
	16	-	29	45	29

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
<b>Academy's educational operations</b>					
- Direct costs	4,395	481	387	5,263	4,798
- Allocated support costs	1,286	317	960	2,563	2,512
	<u>5,681</u>	<u>798</u>	<u>1,347</u>	<u>7,826</u>	<u>7,310</u>
<b>Total expenditure</b>	<u>5,681</u>	<u>798</u>	<u>1,347</u>	<u>7,826</u>	<u>7,310</u>

<b>Net income/(expenditure) for the year includes:</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Fees payable to auditor for:		
- Audit	23	16
- Other services	11	2
Operating lease rentals	6	7
Depreciation of tangible fixed assets	683	600
Amortisation of intangible fixed assets	8	5
	<u></u>	<u></u>

Included within expenditure are the following transactions:

	<b>2016 £'000</b>
Ex-gratia payments - total	25
- Individual Settlement agreement with previous items: Headteacher	17
Settlement agreement with previous HR Director	8
Unrecoverable debts - total	<u>3</u>

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education Funding Agency.

### Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- ICT services;
- clerking services;
- educational advisor support;
- trust management and development

The charges are based on direct allocation of costs (where appropriate) and apportionment by funded pupil numbers.

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 6 Expenditure (Continued)

The amounts charged during the year were as follows: **Total  
£'000**

Essa Primary	154
Essa Academy	701
	<u>855</u>

### 7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	-	5,263	5,263	4,798
Support costs - educational operations	3	2,560	2,563	2,512
	<u>3</u>	<u>7,823</u>	<u>7,826</u>	<u>7,310</u>

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7	Charitable activities	(Continued)	
		2016 £'000	2015 £'000
	<b>Analysis of support costs</b>		
	Support staff costs	1,286	1,252
	Depreciation and amortisation	206	304
	Technology costs	106	146
	Premises costs	418	372
	Other support costs	391	360
	Governance costs	156	78
		<u>2,563</u>	<u>2,512</u>

8	Staff costs	2016 £'000	2015 £'000
	Wages and salaries	4,465	4,045
	Social security costs	336	287
	Operating costs of defined benefit pension schemes	532	518
	<b>Staff costs</b>	<u>5,333</u>	<u>4,850</u>
	Supply staff costs	159	285
	Staff restructuring costs	81	-
	<b>Total staff expenditure</b>	<u>5,573</u>	<u>5,135</u>

### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £25k (2015: £nil). Individually, the payments were £8k and £17k.

### Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2016 Number	2015 Number
Teachers	70	77
Administration and support	105	58
Management	11	11
	<u>186</u>	<u>146</u>



# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Staff costs

(Continued)

#### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 Number	2015 Number
£60,001 - £70,000	1	3
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
	<u>          </u>	<u>          </u>

#### Key management personnel

The key management personnel of the academy trust comprise the Directors/Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £429,320 (2015: £323,025).

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 9 Directors'/ Trustees' remuneration and expenses

The Principal and other staff Directors/Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Directors/Trustees. Other Directors/Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Directors/Trustees. During the year, expenses totalling £1,743 (2015 - £1,028) were reimbursed to the governors.

The value of Directors'/ Trustees' remuneration and other benefits was as follows:

Ms G Grills (Sponsor Governor):

Remuneration £10,000 - £15,000 (2015: £10,000 - £15,000)

Employer's pension contributions - £Nil (2015: £Nil)

Mr J Ellis (Principal - Essa Academy - resigned Oct-15):

Remuneration £45,000 - £50,000 (2015: £95,000 - £100,000)

Employer's pension contributions £0 - £5,000 (2015: £10,000 - £15,000)

Ms S Towers (Staff Governor):

Remuneration £45,000 - £50,000 (2015: £50,000 - £55,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

Ms S Akram (Staff Governor):

Remuneration £20,000 - £25,000 (2015: £35,000 - £40,000)

Employer's pension contributions - £Nil (2015: £Nil)

Ms N Arshad (Parent Governor):

Remuneration £0 - £5,000 (2015: £0 - £5,000 )

Employer's pension contributions £Nil (2015: £0 - £5,000 )

Ms J Atherton (Principal - Essa Academy):

Remuneration £35,000 - £40,000 (2015: £70,000 - £75,000 )

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

Mr S Wild (Sponsor Governor):

Remuneration £Nil (2015: £10,000 - £15,000 )

Employer's pension contributions £Nil (2015: £0 - £5,000)

Mr A Chohan (Interim Management Team Director and Trustee - Essa Academy):

Remuneration £105,000 - £110,000

Remuneration includes £27.9k of services invoiced as the Interim Management Team Director

Employer's pension contributions £10,000 - £15,000

Other related party transactions involving the Directors/Trustees are set out within the related parties note.

#### 10 Directors/Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Directors/Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,000 (2015: £1,000).

The cost of this insurance is included in the total insurance cost.

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### 11 Intangible fixed assets

	Software £'000
<b>Cost</b>	
At 1 September 2015 and at 31 August 2016	38
	<hr/>
<b>Amortisation</b>	
At 1 September 2015	13
Charge for year	8
	<hr/>
At 31 August 2016	21
	<hr/>
<b>Net book value</b>	
At 31 August 2016	17
	<hr/>
At 31 August 2015	25
	<hr/>

### 12 Fixed Asset Investments

The academy owns 100% of the ordinary share capital of Essa Education Limited, a company incorporated in England & Wales. The shares are held at their cost of £1.

Essa Education Limited provides leisure facilities to the public and catering and supply teaching services to other schools. It reported no profit or loss for the year to 31 August 2016 (2015 - £nil) and had net assets of £1 (2015 - £1) at 31 August 2016.

### 13 Current asset investments

The academy has shares in listed companies held at £518,000 (2015 - £518,000).

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 14 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 September 2015	24,079	576	252	22	24,929
Additions	26	179	63	-	268
At 31 August 2016	24,105	755	315	22	25,197
<b>Depreciation</b>					
At 1 September 2015	476	268	129	1	874
Charge for the year	530	108	40	5	683
At 31 August 2016	1,006	376	169	6	1,557
<b>Net book value</b>					
At 31 August 2016	23,099	379	146	16	23,640
At 31 August 2015	23,603	308	123	21	24,055

### 15 Debtors

	2016 £'000	2015 £'000
Trade debtors	7	9
Amounts owed by group undertakings	82	45
VAT recoverable	145	297
Other debtors	61	822
Prepayments and accrued income	96	156
	391	1,329

### 16 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	563	671
Accruals and deferred income	324	1,289
	887	1,960

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

<b>17</b>	<b>Deferred income</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	110	114
		<u>110</u>	<u>114</u>
	Deferred income at 1 September 2015	114	89
	Released from previous years	(114)	(74)
	Amounts deferred in the year	110	99
		<u>110</u>	<u>99</u>
	<b>Deferred income at 31 August 2016</b>	<b>110</b>	<b>114</b>
		<u>110</u>	<u>114</u>

At the balance sheet date the academy trust was holding amounts of £40,000 (2015 - £31,000) in respect of the academy iPad scheme, £36,000 (2015 - £29,000) in respect of a non-domestic rates reimbursed in advance, £33,000 (2015 - £46,000) in respect of government grants and £1,000 (2015 - £8,000) in respect of trips.

<b>18</b>	<b>Funds</b>	<b>Balance at 1 September 2015</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Gains, losses &amp; transfers</b>	<b>Balance at 31 August 2016</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Restricted general funds</b>					
	General Annual Grant	566	6,119	(6,908)	316	93
	Other DfE / EFA grants	-	606	(67)	(539)	-
	Other government grants	-	75	(7)	(68)	-
	Other restricted funds	-	18	-	(18)	-
		<u>566</u>	<u>6,818</u>	<u>(6,982)</u>	<u>(309)</u>	<u>93</u>
	Funds excluding pensions	566	6,818	(6,982)	(309)	93
	Pension reserve	(653)	-	(154)	(1,132)	(1,939)
		<u>(87)</u>	<u>6,818</u>	<u>(7,136)</u>	<u>(1,441)</u>	<u>(1,846)</u>
		<u>566</u>	<u>6,818</u>	<u>(6,982)</u>	<u>(309)</u>	<u>93</u>
	<b>Restricted fixed asset funds</b>					
	DfE / EFA capital grants	23,930	104	(687)	308	23,655
		<u>23,930</u>	<u>104</u>	<u>(687)</u>	<u>308</u>	<u>23,655</u>
	Restricted endowment fund	616	29	-	-	645
		<u>616</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>645</u>
	<b>Total restricted funds</b>	<b>24,459</b>	<b>6,951</b>	<b>(7,823)</b>	<b>(1,133)</b>	<b>22,454</b>
		<u>24,459</u>	<u>6,951</u>	<u>(7,823)</u>	<u>(1,133)</u>	<u>22,454</u>
	<b>Unrestricted funds</b>					
	General funds	1,070	352	(3)	-	1,419
		<u>1,070</u>	<u>352</u>	<u>(3)</u>	<u>-</u>	<u>1,419</u>
	<b>Total funds</b>	<b>25,529</b>	<b>7,303</b>	<b>(7,826)</b>	<b>(1,133)</b>	<b>23,873</b>
		<u>25,529</u>	<u>7,303</u>	<u>(7,826)</u>	<u>(1,133)</u>	<u>23,873</u>

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 18 Funds

(Continued)

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.

#### Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2016 were allocated as follows:	
Essa Primary	217
Essa Academy	1,295
	<hr/>
Total before fixed assets fund and pension reserve	1,512
Restricted fixed asset fund	23,655
Endowment funds	645
Pension reserve	(1,939)
	<hr/>
Total funds	23,873
	<hr/> <hr/>

#### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Essa Primary	518	101	36	102	757
Essa Academy	3,594	585	119	1,086	5,384
Central services	160	600	16	219	995
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,272	1,286	171	1,407	7,136
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>					
Intangible fixed assets	-	-	17	-	17
Tangible fixed assets	-	-	23,640	-	23,640
Current assets	1,419	971	7	645	3,042
Creditors falling due within one year	-	(878)	(9)	-	(887)
Defined benefit pension liability	-	(1,939)	-	-	(1,939)
	<u>1,419</u>	<u>(1,846)</u>	<u>23,655</u>	<u>645</u>	<u>23,873</u>

### 20 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period	(525)	2,352
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(103)	(2,653)
Net endowment income	(29)	(26)
Investment income	(16)	(3)
Defined benefit pension costs less contributions payable	127	126
Defined benefit pension net finance cost/(income)	27	(46)
Depreciation of tangible fixed assets	691	603
Losses/(profits) on disposals of fixed assets	-	9
(Increase)/decrease in debtors	148	(8)
Increase/(decrease) in creditors	(1,072)	143
<b>Net cash used in operating activities</b>	<u>(752)</u>	<u>497</u>

### 21 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	7	7
Amounts due in two and five years	3	11
	<u>10</u>	<u>18</u>

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 22 Pensions and similar obligations

The academy trust'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 managed by Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £nil (2015: £15k) were payable to the schemes at 31 August 2016 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £405k (2015: £323k)



# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 22 Pensions and similar obligations

(Continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15% - 17% for employers and 5.5% - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £231,000.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	227	195
Employees' contributions	84	74
Total contributions	311	269

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.4	3.9
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
Inflation assumption (CPI)	1.0	

Sensitivity analysis	Approximate % increase to Employer Liability %	Approximate monetary amount £'000
0.5% decrease in real discount rate	14	981
1 year increase in member life expectancy	3	210
0.5% increase in the salary increase rate	6	381
0.5% increase in the pension increase rate	8	568

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 22 Pensions and similar obligations

(Continued)

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

	2016 Years	2015 Years
Retiring today		
- Males	21.4	21.4
- Females	24.0	24.0
Retiring in 20 years		
- Males	24.0	24.0
- Females	26.6	26.6

#### The academy trust's share of the assets in the scheme

	2016 Fair value £'000	2015 Fair value £'000
Equities	3,645	2,849
Bonds	860	713
Cash	253	159
Property	304	238
Total market value of assets	5,062	3,959

Actual return on scheme assets - gain/(loss)	824	(86)
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#### Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	354	321
Net interest cost	27	(46)

#### Changes in the present value of defined benefit obligations

	2016 £'000
Obligations at 1 September 2015	4,612
Current service cost	354
Interest cost	183
Employee contributions	84
Actuarial loss	1,800
Benefits paid	(32)
At 31 August 2016	7,001

# ESSA FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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<b>22 Pensions and similar obligations</b>	<b>(Continued)</b>
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2016 £'000</b>
Assets at 1 September 2015	3,959
Interest income	156
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	668
Employer contributions	227
Employee contributions	84
Benefits paid	(32)
	<hr/>
At 31 August 2016	5,062
	<hr/>

### 23 Related party transactions

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.

During the year the Academy made management recharges of £43k (2015 - £56k) to, and received a donation of £51k (2015 - £45k) from, Essa Education Limited, a wholly owned subsidiary. At the year end Essa Education Limited owed £82k (2015 - £45k) 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 £1.8k (2015 - £1.4k).

Mr Y Patel and Mr I Kala (Governors) are also governors in Bolton Muslim Girls School. During the year the school charged Bolton Muslim Girls School £32.3k (2015 - £37k) for the provision of school meals.

### 24 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 FOUNDATION ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

##### Reconciliation of funds for the previous financial period

		1 September 2014 £'000	31 August 2015 £'000
	Notes		
Funds as reported under previous UK GAAP		15,273	17,745
Adjustments arising from transition to FRS 102:			
Revaluation of Land and Buildings	1	7,955	7,784
Reclassification of software fixed assets	2	-	-
Funds reported under FRS 102		<u>23,228</u>	<u>25,529</u>

##### Reconciliation of net income for the previous financial period

	Notes	2015 £'000
Net income as reported under previous UK GAAP		2,472
Adjustments arising from transition to FRS 102:		
Revaluation of Land and Buildings	1	(170)
Reclassification of software fixed assets	2	-
Net income reported under FRS 102		<u>2,301</u>

##### Notes to reconciliations on adoption of FRS 102

#### 1 Revaluation of Land & Buildings

On the transition to FRS102 date of 1 September 2014, the trust is adopting a deemed cost approach to freehold land and buildings. As a result of this, Land & Buildings with a NBV of £13,438,238 were revalued to £21,394,197. This resulted in additional depreciation of £170,573 being charged to the SOFA in 2015 and an increase of £7,784,481 in the fixed asset fund.

#### 2 Reclassification of software fixed assets

On the date of transition, software costs with a NBV of £4k were restated as intangible assets along with additions of £27k purchased during the year to 31 August 2015. This had no effect on the SOFA.