

COPY FOR THE REGISTRAR OF  
COMPANIES

Essa Foundation Academy Trust  
(previously Essa Academy)  
(a company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended  
31 August 2014



Company Registration No. 06731593

# Essa Foundation Academy Trust (previous Essa Academy)

## REFERENCE AND ADMINISTRATIVE DETAILS

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

#### Essa Academy Governors (Trustees) to 31.08.14

	Mr Adam Umarji +	
	Councillor Mike Francis	
* = members of the Finance Committee	Mr Anwer Patel * +	
+ = director at Companies House	Mr Craig Fishwick * +	
	Mr Latif Jiva +	Resigned 31.08.14
	Councillor Madeline Murray	
	Mr Steve Wild * +	
	Mr Yakub Patel * +	
	Mrs Neelam Arshad	
	Miss Sarah Towers	
	Professor Iqbal Memon	

#### Essa Foundation Academies Trust Board Members (Trustees) from 01.09.14

+ = Director	Mr Ibrahim Bobat +*
* = Member of Board Finance and General Purposes Committee	Ms Kate Longworth+
	Ms Nicola Byrne +
	Mr Adam Collins +*
	Mr Anwer Patel +
	Mr Yakub Patel +*
	Ms Yasmin Quershi
	Mr Nigel Whittle *
	Mr Adam Umarji +

#### Essa Academy Senior Leadership Team

Principal	Mr Jeffrey Ellis	appointed June 2014
Principal	Mr Showkat Badat	resigned Nov 2014
Deputy Principal	Mr Andrew Peet	
Finance Director	Mr David Mole	
HR Director	Mrs Bernadette Sansome	
Director	Mr Abdul Chohan	
Director	Mrs Sandra Reid	
Director	Miss Julie Green	
Director	Mrs Lynn Cardwell	
Director	Mrs Hannah Alexander	
Exams and Information Officer	Mrs Justine Hatter	

**Registered Office**  
Lever Edge Lane  
Bolton  
BL3 3HH

**Academy Site**  
Lever Edge Lane  
Bolton  
BL3 3HH

**Company Registration Number:** 06731593 (England and Wales)

**Auditors:** Baker Tilly UK Audit LLP  
2 Whitehall Quay  
Leeds  
LS1 4HG

# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT

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The trustees present their annual report incorporating the Strategic Report, the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

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

#### Principal Activities

The principal object 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 11 and 16.

#### Multi-Academy Trust

On 1 September 2014 Essa Academy became a multi-academy trust and changed its name to Essa Foundation Academies Trust. The Trust operates via a Board of eight directors overseeing local governing bodies within each academy member of the multi-academy trust.

#### Members' liability

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

#### Governors

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

On 1 September 2014 the Governing Body was replaced by a local governing body that is responsible to the Board of Essa Foundation Academies Trust.

The Governors who were in office at 31 August 2014 and served during the year are listed on page 1.

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

# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT (Continued)

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### Organisational structure

The multi-academy trust has a Board of Directors as from 1 September 2014. The Finance and General Purposes, Audit and Risk and Education and Achievement Committees all report to the Board. Each Academy within the Trust will have a Local Governing Body, which is responsible to the Board, along with the Board Committees via the Trust's Scheme of Delegation. A Chief Executive Officer reports to the Board and is the Trust's Accounting Officer.

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

The Governors are responsible for implementing Trust Board policy, recommending an annual plan and budget for Board approval, monitoring the Academy by the use of budgets and making decisions about the direction of the Academy within the Trust's scheme of delegation and appointing senior staff.

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

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

### Connected organisations, including related party relationships

Essa Foundation is sponsor to Essa Foundation Academy Trust. Essa Education Limited is a trading subsidiary undertaking of the Academy. Essa Foundation is a Trust (incorporated in November 2012) in which various Governors of Essa Foundation Academy Trust are Directors.

### Risk Management

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

## **OBJECTIVES AND ACTIVITIES**

### Objects, aims and values

The principal object 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 11 and 16.

# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT (Continued)

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### Objects, aims and values (continued)

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

The main objectives of the Academy are summarised below:

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

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

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

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

### Public Benefit

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

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

### Disabled persons

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

# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT (Continued)

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### Equal opportunities policy

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

## STRATEGIC REPORT

### Key Performance Indicators

The Academy strives to improve outcomes for its young people. The percentage of pupils gaining 5 A\*-C including English and Maths decreased slightly from 55% in 2013 to 54% in 2014, which is higher than the national average (52.6%).

## FINANCIAL REVIEW

### Financial report for the year

The majority of the Academy's income is obtained from the Education Funding Agency ('EFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

During the year ended 31 August 2014, total resources expended of £6,022k (2013 - £6,478k) 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 £480k (2013 - £291k).

At 31 August 2014 the net book value of fixed assets was £13,921k (2013 - £13,981k) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Under accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the Unrestricted Fund. This resulted in the pension fund showing a deficit of £522k (2013 - £44k asset), which has been carried forward.

The Academy held fund balances at 31 August 2014 of £15,273k (2013 - £15,466k). A summary is shown in the table below

Funds	2014 £000	2013 £000
Restricted Funds:		
Restricted General Fund	522	382
Pension Reserve	(522)	44
Endowment Fund	590	549
Fixed Asset Fund	13,921	13,981
Total Restricted Funds	14,511	14,956
Unrestricted Funds	762	510
Total Funds	15,273	15,466

# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT (Continued)

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### RESERVES POLICY AND FINANCIAL POSITION

#### Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 2% of GAG, approximately £107,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £762,000 (2013 – £510,000).

#### Investments policy

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

#### Going concern

After making appropriate enquiries, the Board of trustees has a reasonable expectation that the Academy 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 Statement of Accounting Policies.

#### Plans for future periods

The Academy has provided an iPad to each student to facilitate teaching and learning. The curriculum will be further developed to help improve academic standards, using technology such as i-books, i-Tunes-U courses and other E-learning tools.

#### Appointment of principal

Mr Jeffrey Ellis was appointed Principal in June 2014.

#### Principal risks and uncertainties

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

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

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

# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT (Continued)

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### Principal risks and uncertainties (continued)

#### 1. Government funding

The Academy has considerable reliance on continued government funding through the EFA. In 2013/14, 95% of the Academy's recurrent revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

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

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

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

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

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

#### 4. Ensure diligence in all aspects of Health and Safety compliance

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

#### 5. Ensure ongoing cash solvency

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

### **AUDITORS**

Baker Tilly Audit Limited ceased to trade on 31 March 2014. The Trustees, having been notified of the cessation in trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP to fill the casual vacancy. In accordance with Companies Act 2006 a resolution to appoint Baker Tilly UK Audit LLP as Auditor will be put to the Members.

### **Statement as to disclosure of information to auditors**

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the 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.



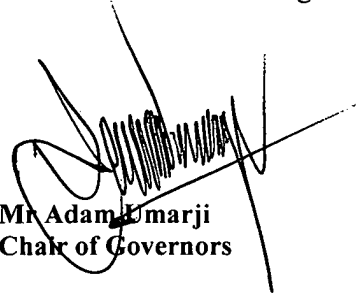
# Essa Foundation Academy Trust (previously Essa Academy)

## TRUSTEES' REPORT (Continued)

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### Statement as to disclosure of information to auditors (*continued*)

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 16<sup>th</sup> December 2014 and signed on its behalf by:



Mr Adam Umarji  
Chair of Governors

Date: 26 JAN 2015 .....

# Essa Foundation Academy Trust (previously Essa Academy)

## GOVERNANCE STATEMENT

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### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Essa Foundation Academy 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 Trustees has delegated the day-to-day responsibility to the chief executive, 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 Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows

<b>Governors</b>	<b>Meeting attended</b>	<b>Out of possible</b>
Mr Adam Umarji	3	4
Cllr Mike Frances	4	4
Mr Anwer Patel	4	4
Mr Craig Fishwick	3	4
Mr Latif Jiva	2	4
Cllr Madeline Murray	1	4
Mr Steve Wild	3	4
Mr Yakub Patel	3	4
Mrs Neelam Arshad	3	4
Miss Sarah Towers	4	4
Professor Iqbal Memon	1	4

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

<b>Board members</b>	<b>Meeting attended</b>	<b>Out of possible</b>
Mr Anwer Patel	7	7
Mr Craig Fishwick	7	7
Mr Steve Wild	6	7
Mr Yakub Patel	6	7

# Essa Foundation Academy Trust (previously Essa Academy)

## GOVERNANCE STATEMENT

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

Board members	Meeting attended	Out of possible
Mr Adam Umarji	5	7
Cllr Mike Frances	5	7
Mr Anwer Patel	7	7
Mr Craig Fishwick	7	7
Mr Latif Jiva	6	7
Cllr Madeline Murray	2	7
Mr Steve Wild	5	7
Mr Yakub Patel	6	7
Mrs Neelam Arshad	6	7
Professor Iqbal Memon	1	7

### Statement on the systems of internal finance control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

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

### Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. The Governing Body regularly reviews this process.

### The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

# Essa Foundation Academy Trust (previously Essa Academy)

## GOVERNANCE STATEMENT

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### The risk and control framework (continued)

- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks

The Governing Body has established an Audit Committee whose terms of reference are as follows:

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

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

### Review of effectiveness

As Accounting Officer, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

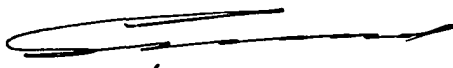
- The work of the responsible officer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee 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 Trustees on 16<sup>th</sup> December 2014 and signed on its behalf by:



Mr Adam Umarji  
Chair of Governors



Mr Steve Wild  
Accounting Officer

Date: 26/01/15 .....

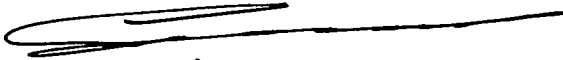
**Essa Foundation Academy Trust (previously Essa Academy)**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Essa Foundation Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregular, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



**Mr Steve Wild**  
**Accounting Officer**

Date.....26/01/15.....

# Essa Foundation Academy Trust (previously Essa Academy)

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees who are also the directors of the Charitable Company for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements 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 trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 grants received from the EFA/DfE have been applied for the purposes intended.

The 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 16<sup>th</sup> December 2014 and signed on its behalf by:



Mr Adam Umarji  
Chair of Governors

Date 26 Jan 2015

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSA FOUNDATION ACADEMY TRUST YEAR ENDING ON 31 AUGUST 2014

We have audited the financial statements of Essa Foundation Academy Trust for the year ended 31 August 2014 on pages 15 to 40. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

## **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 9, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

## **Opinion on other requirement of the Companies Act 2006**

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

## **Matters on which we are required to report by exception**

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

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

*Baker Tilly UK Audit LLP*

ALAN DUNWELL (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

Date: 27.1.15

**Essa Foundation Academy Trust (previously Essa Academy)**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND**  
**EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS**  
**AND LOSSES)**  
**for the year ended 31 August 2014**

	<i>Notes</i>	Unrestricted funds £'000	Restricted General funds £'000	Restricted fixed asset funds £'000	Endowment fund £'000	Total 2014 £'000	<i>As restated Total 2013 £'000</i>
<b>INCOMING RESOURCES</b>							
Incoming resources from generated funds:							
Voluntary income	2	40	-	-	-	40	93
Activities for generating funds	3	226	-	-	-	226	292
Investment income	4	5	-	-	41	46	25
Incoming resources from charitable activities:							
Funding for the Trust's educational operations	5	-	5,876	265	-	6,141	5,884
<b>Total incoming resources</b>		<b>271</b>	<b>5,876</b>	<b>265</b>	<b>41</b>	<b>6,453</b>	<b>6,294</b>
<b>RESOURCES EXPENDED</b>							
Charitable activities:							
Academy's educational operations	7	-	5,572	427	-	5,999	6,456
Governance costs	8	-	23	-	-	23	22
<b>Total resources expended</b>		<b>-</b>	<b>5,595</b>	<b>427</b>	<b>-</b>	<b>6,022</b>	<b>6,478</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>271</b>	<b>281</b>	<b>(162)</b>	<b>41</b>	<b>431</b>	<b>(184)</b>
Gross transfers between funds	17	(19)	(83)	102	-	-	-
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>252</b>	<b>198</b>	<b>(60)</b>	<b>41</b>	<b>431</b>	<b>(184)</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>							
Actuarial (losses)/gains on defined benefit pension scheme	26	-	(624)	-	-	(624)	218
<b>NET MOVEMENT IN FUNDS</b>		<b>252</b>	<b>(426)</b>	<b>(60)</b>	<b>41</b>	<b>(193)</b>	<b>34</b>
<b>TOTAL FUNDS BROUGHT FORWARD AS PREVIOUSLY STATED</b>		<b>510</b>	<b>426</b>	<b>237</b>	<b>549</b>	<b>1,722</b>	<b>15,432</b>
PRIOR PERIOD ADJUSTMENT	28	-	-	13,744	-	13,744	-
		<b>510</b>	<b>426</b>	<b>13,981</b>	<b>549</b>	<b>15,466</b>	<b>15,432</b>
<b>FUNDS CARRIED FORWARD AT 31 AUGUST</b>		<b>762</b>	<b>-</b>	<b>13,921</b>	<b>590</b>	<b>15,273</b>	<b>15,466</b>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.  
The SOFA includes all current gains and losses for the year and includes the cumulative effect of a prior period adjustment, being a depreciation charge of £610,000 and donation income of £13,744,000 (see note 28).



# Essa Foundation Academy Trust (previously Essa Academy)

## BALANCE SHEET

Registered Number 06731593

At 31 August 2014

	Notes	2014 £'000	As restated 2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	14	13,921	13,981
Investments	12	-	-
		<u>13,921</u>	<u>13,981</u>
<b>CURRENT ASSETS</b>			
Investments	13	518	503
Debtors	15	520	380
Cash at bank and in hand		1,704	1,585
Total assets less current liabilities		<u>2,742</u>	<u>2,468</u>
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>(868)</u>	<u>(1,027)</u>
<b>NET CURRENT ASSETS</b>		<u>1,874</u>	<u>1,441</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>15,795</u>	<u>15,422</u>
Pension scheme (liability)/asset	26	(522)	44
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>15,273</u>	<u>15,466</u>
<b>FUNDS AND RESERVES</b>			
Endowment funds		590	549
<b>RESTRICTED FUNDS</b>			
Fixed asset funds		13,921	13,981
General funds		522	382
Pension reserve	26	(522)	44
<b>TOTAL RESTRICTED FUNDS</b>		<u>13,921</u>	<u>14,407</u>
<b>UNRESTRICTED FUNDS</b>			
General fund	17	762	510
<b>TOTAL UNRESTRICTED FUNDS</b>		<u>762</u>	<u>510</u>
<b>TOTAL FUNDS</b>	17	<u>15,273</u>	<u>15,466</u>

The financial statements on pages 15 to 40 were approved by the trustees and authorised for issue on 16<sup>th</sup> December 2014 and are signed on their behalf by:

Mr Adam Umarji  
Chair of Governors

Mr Steve Wild  
Accounting officer

Date..... 26/01/15

Essa Foundation Academy Trust (previously Essa Academy)  
CASH FLOW STATEMENT  
At 31 August 2014

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	Notes	2014 £'000	2013 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	159	735
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(86)	(21)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	46	25
		<hr/>	<hr/>
INCREASE IN CASH IN THE YEAR	24	119	739
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		<hr/>	<hr/>
NET FUNDS AT 1 SEPTEMBER		1,585	846
		<hr/>	<hr/>
NET FUNDS AT 31 AUGUST		1,704	1,585
		<hr/>	<hr/>

# Essa Foundation Academy Trust (previously Essa Academy)

## ACCOUNTING POLICIES

for the year ended 31 August 2014

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### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### **Going Concern**

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of Essa Foundation Academy Trust to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **Consolidation**

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

### **Incoming resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

### **Grants receivable**

Grant income is 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.

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 included recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable in incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate category and depreciated over the useful economic life in accordance with Academy Trust's policies.

# Essa Foundation Academy Trust (previously Essa Academy)

## ACCOUNTING POLICIES

### for the year ended 31 August 2014

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#### **Interest receivable**

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

#### **Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

*Costs of generating funds* are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

*Charitable activities* are costs incurred on the Academy Trust's educational operations.

*Governance costs* include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### **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 trustees.

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

Restricted Fixed Assets 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.

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

#### **Investments**

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

#### **Tangible fixed assets**

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 fund to restricted funds in the Statement of Financial Activities to offset the depreciation of the asset.

The Trust has not yet entered into a formal lease for its premises. However as the Trust has the right to use the property, an asset representing this right to use has been included in the balance sheet at valuation reflecting the nature of the informal arrangements and is being depreciated over its expected useful economic life. The valuation of £14,049,000 was determined on an existing use basis by DTZ in October 2012.

# Essa Foundation Academy Trust (previously Essa Academy)

## ACCOUNTING POLICIES

for the year ended 31 August 2014

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### **Tangible fixed assets (*continued*)**

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

Leasehold property	Over 47 years
Fixtures, fittings and equipment	15% pa
ICT equipment	25% pa
Books	15% pa

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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

### **Leased assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

### **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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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**1 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2014 on the amount GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2014.

**2 VOLUNTARY INCOME**

	Unrestricted funds £'000	Restricted funds £'000	2014 Total £'000	2013 Total £'000
Donations	40	-	40	93
	<u>40</u>	<u>-</u>	<u>40</u>	<u>93</u>

**3 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds £'000	Restricted funds £'000	2014 Total £'000	2013 Total £'000
Catering income	155	-	155	119
Other income	71	-	71	173
	<u>226</u>	<u>-</u>	<u>226</u>	<u>292</u>

**4 INVESTMENT INCOME**

	Unrestricted funds £'000	Restricted funds £'000	Restricted Endowment Funds £'000	2014 Total £'000	2013 Total £'000
Dividend income on listed shares	-	-	26	26	24
Realised gains on disposal of listed investments	-	-	15	15	-
Bank interest	5	-	-	5	1
	<u>5</u>	<u>-</u>	<u>41</u>	<u>46</u>	<u>25</u>

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

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**5 FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	<i>As restated</i> Total 2013 £'000
Devolved formula Capital allowances	-	18	18	17
	-	18	18	17
<b>DfE/EFA REVENUE GRANT</b>				
General Annual Grant (GAG) (note 1)	-	5,334	5,334	5,403
Other DfE/EFA grants	-	688	688	328
	-	6,022	6,022	5,731
<b>OTHER GOVERNMENT GRANTS</b>				
Other Government Grants	-	38	38	79
Local authority SEN grant	-	63	63	57
	-	101	101	136
<b>TOTAL</b>	-	6,141	6,141	5,884

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

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**6 RESOURCES EXPENDED**

	Staff costs £'000	Other costs £'000	Depreciation £'000	2014 £'000	<i>As restated</i> 2013 £'000
Academy educational operations					
- Direct costs	2,918	989	382	4,289	4,574
- Allocated support costs	1,022	643	45	1,710	1,882
	<u>3,940</u>	<u>1,632</u>	<u>427</u>	<u>5,999</u>	<u>6,456</u>
Governance costs including allocated support costs	2	21	-	23	22
	<u>3,942</u>	<u>1,653</u>	<u>427</u>	<u>6,022</u>	<u>6,478</u>
Net incoming/(outgoing) resources for the year				2014 £'000	2013 £'000
Operating leases - other				7	2
Fees payable to Baker Tilly UK Audit LLP and its associates for:					
- audit				18	13
- other services				2	3
Loss on disposal of fixed assets				8	95
				<u>27</u>	<u>113</u>



**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

**7 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS**

	Unrestricted funds £’000	Restricted funds £’000	Total 2014 £’000	<i>As restated</i> Total 2013 £’000
<b>DIRECT COSTS</b>				
Teaching and educational support staff costs	-	2,918	2,918	2,864
Depreciation	-	374	374	355
Loss on disposals	-	8	8	94
Educational supplies	-	280	280	418
Examination fees	-	60	60	150
Allocated Utilities	-	88	88	96
External Education courses	-	1	1	2
Agency Teaching cover	-	212	212	293
Other direct costs	-	92	92	51
FRS 17 pension costs	-	256	256	251
	-	4,289	4,289	4,574
<b>ALLOCATED SUPPORT COSTS</b>				
Support staff costs	-	1,022	1,022	1,081
Depreciation	-	45	45	74
Catering	-	135	135	113
Allocated Utilities	-	53	53	49
Insurance	-	69	69	61
Premises costs (including premises insurance)	-	156	156	102
Agency Teaching Cover	-	84	84	80
Other direct costs	-	146	146	322
	-	1,710	1,710	1,882
	-	5,999	5,999	6,456

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

**8 GOVERNANCE COSTS**

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Teaching and education support	-	2	2	2
Auditors' remuneration				
Audit of financial statements	-	18	18	13
Accounting services	-	2	2	3
Governor training	-	-	-	1
Other	-	1	1	3
	-	23	23	22

**9 STAFF COSTS**

**Staff numbers**

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

Charitable Activities	2014 No	2013 No
Teachers	66	60
Administration and support	10	11
Management	66	50
	142	121

Staff costs comprise	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Wages and salaries	-	3,349	3,349	3,372
Social security costs	-	266	266	259
Other pension costs	-	282	282	128
	-	3,897	3,897	3,759
Supply teacher costs	-	282	282	314
Compensation payments	-	36	36	98
	-	4,215	4,215	4,171

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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**9 STAFF COSTS (*continued*)**

**Staff severance payments**

Included in compensation costs are non-statutory severance payments totalling £36,000 (2013: £98,000). One of the non-contractual payments exceeded £5,000 individually, and was for an amount of £36,000.

**Higher paid staff**

Four employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2014. The total emoluments of these employees were in the following ranges

	2014 No	2013 No
£60,001 - £70,000	3	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1

Four (2013: two) of the above employees participated in the Teachers' Pension Scheme. During the year 31 August 2014, pension contributions for these staff amounts to £33,865 (2013: £26,551).

**10 GOVERNORS' REMUNERATION AND EXPENSES**

Principal and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Trust in respect of their roles as Governors. The value of Governors' remuneration was £164,771 (2013: £117,315).

During the year ended 31 August 2014, travel and subsistence expenses totalling £446 (2013: £nil) were reimbursed.

**Interests in transactions**

Related party transactions involving the trustees are set out in note 27.

**11 TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one public claim and up to £10,000,000 on any one employer liability claim and the cost for the year ended 31 August 2014 was £1,000 (2013: £1,000).

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

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

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**12 FIXED ASSET INVESTMENT**

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

This subsidiary provides leisure facilities to the public and catering and supply teaching services to other schools. It reported no result for the year (2014 – no result) had net assets of £1 (2013: £1) at the year end.

<b>13 CURRENT ASSET INVESTMENTS</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Cash deposits	-	6
Shares in listed companies	518	497
	<hr/>	<hr/>
	518	503
	<hr/>	<hr/>

The market value of the shares in listed companies at the year end was £562,000 (2013: £552,000). No provision has been made for this temporary increase in value.

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

**14 TANGIBLE FIXED ASSETS**

	Asset under the course of construction £'000	Books £'000	Computer equipment £'000	Fixtures fittings and equipment £'000	Leasehold property £'000	Total £'000
<b>Cost:</b>						
1 September 2013 (as restated)	-	22	366	162	14,049	14,599
Additions	277	-	56	33	-	366
Disposals	-	(7)	(26)	(39)	-	(72)
	<u>277</u>	<u>15</u>	<u>396</u>	<u>156</u>	<u>14,049</u>	<u>14,893</u>
<b>Depreciation</b>						
1 September 2013 (as restated)	-	15	214	84	305	618
Charged in the year	-	3	77	33	305	418
Disposals	-	(7)	(27)	(30)	-	(64)
	<u>-</u>	<u>11</u>	<u>264</u>	<u>87</u>	<u>610</u>	<u>972</u>
<b>Net book value</b>						
31 August 2014	<u>277</u>	<u>4</u>	<u>132</u>	<u>69</u>	<u>13,439</u>	<u>13,921</u>
31 August 2013	<u>-</u>	<u>7</u>	<u>152</u>	<u>78</u>	<u>13,744</u>	<u>13,981</u>

The Asset under the course of construction relates to building work in respect of a new school building.

Essa Foundation Academy Trust (previously Essa Academy)  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 August 2014

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15	DEBTORS	2014 £'000	2013 £'000
	Trade debtors	4	16
	Amounts owed by subsidiary undertaking	46	93
	Prepayments	104	138
	Sundry debtors	273	72
	VAT recoverable	93	61
		<hr/>	<hr/>
		520	380
		<hr/>	<hr/>
16	CREDITORS: Amounts falling due within one year	2014 £'000	2013 £'000
	Trade creditors	448	198
	Accruals and deferred income	420	829
		<hr/>	<hr/>
		868	1,027
		<hr/>	<hr/>

DEFERRED INCOME

Deferred income at 1 September 2013	114
Resources deferred in the year	5
Amounts released from previous years	(30)
	<hr/>
Deferred income at 31 August 2014	89
	<hr/>

At the balance sheet date the academy trust was holding amounts of £43,000 in respect of the academy iPad scheme, £29,000 in respect of a non-domestic rates refund received in advance and £17,000 in respect of government grants.

Essa Foundation Academy Trust (previously Essa Academy)  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2014

17 FUNDS

	<i>At 1 September 2013 (as restated)</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 August 2014 £'000</i>
<b>RESTRICTED GENERAL FUNDS</b>					
DfE/EFA REVENUE GRANTS					
General Annual Grant (GAG)	-	5,334	(4,729)	(83)	522
Other DfE/EFA grants	357	441	(798)	-	-
Other grants	25	101	(126)	-	-
	<u>382</u>	<u>5,876</u>	<u>(5,653)</u>	<u>(83)</u>	<u>522</u>
<b>PENSION RESERVE</b>	<u>44</u>	<u>-</u>	<u>58</u>	<u>(624)</u>	<u>(522)</u>
<b>OTHER RESTRICTED GRANTS</b>					
Endowment Fund	549	41	-	-	590
	<u>975</u>	<u>5,917</u>	<u>(5,595)</u>	<u>(707)</u>	<u>590</u>
<b>FIXED ASSET FUNDS</b>					
DfE/EFA capital grants	(60)	265	-	-	205
Transfer from unrestricted funds	135	-	-	102	237
Capital expenditure from GAG	72	-	(122)	-	(50)
Other Grants	90	-	-	-	90
Transfer from local authority	13,744	-	(305)	-	13,439
	<u>13,981</u>	<u>265</u>	<u>(427)</u>	<u>102</u>	<u>13,921</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>14,956</u>	<u>6,182</u>	<u>(6,022)</u>	<u>(605)</u>	<u>14,511</u>
<b>UNRESTRICTED FUNDS</b>	510	271	-	(19)	762
<b>TOTAL FUNDS</b>	<u>15,466</u>	<u>6,453</u>	<u>(6,022)</u>	<u>(624)</u>	<u>15,273</u>

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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17 FUNDS (*Continued*)

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

*Restricted general funds*

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

*Endowment fund*

This fund relates to monies 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 work of a capital nature.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Restricted Endowment Fund £'000	Total funds £'000
Tangible fixed assets	-	-	13,921	-	13,921
Current assets	1,314	735	103	590	2,742
Current liabilities	(552)	(213)	(103)	-	(868)
Pension scheme liability	-	(522)	-	-	(522)
<b>TOTAL NET ASSETS AT 31 AUGUST 2014</b>	<b>762</b>	<b>-</b>	<b>13,921</b>	<b>590</b>	<b>15,273</b>

19 CAPITAL COMMITMENTS	2014 £'000	2013 £'000
Contracted for, but not provided in the financial statements	2,694	15,019

The £2,694k capital commitments will be met from EFA capital grants to be received in future years.



**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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**20 FINANCIAL COMMITMENTS**

**OPERATING LEASES**

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £'000	2013 £'000
Other		
Expiring within one year	-	2
Expiring within two to five years	7	-
	<u>7</u>	<u>2</u>

**21 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2014 £'000	<i>As restated</i> 2013 £'000
Surplus/(deficit) on continuing operations	431	(184)
Depreciation (note 14)	418	429
Loss on disposal of tangible fixed assets	8	95
Capital grants from DfE and others	(295)	(17)
Dividends, interest receivable and realised gains (note 4)	(46)	(25)
FRS 17 pension (income)\cost less contributions payable (note 27)	(12)	127
FRS 17 pension finance income (note 27)	(46)	(14)
Increase in debtors	(140)	(188)
(Decrease)/increase in creditors	(159)	512
	<u>159</u>	<u>735</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>159</b>	<b>735</b>

**22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2014 £'000	2013 £'000
Purchase of tangible fixed assets	(366)	(38)
Capital grants from DfE/EFA	295	17
Purchase of investments	(15)	-
	<u>(86)</u>	<u>(21)</u>

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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23	RETURNED ON INVESTMENTS AND SERVICING OF FINANCE	2014 £'000	2013 £'000
	Donations received from investment	46	25

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24	ANALYSIS OF CHANGES IN NET FUNDS	At 1 September 2013 £'000	Cash flows £'000	At 31 August 2014 £'000
	Cash in hand and at bank	1,585	119	1,704
		<hr/>	<hr/>	<hr/>
		1,585	119	1,704

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25 CONTINGENT LIABILITIES

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

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

- (a) the value at that time of the Trust's assets held for the purpose of the Trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

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**26 PENSION 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 Hymans Robertson LLP. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £22,000 (2013: £nil) were payable to the scheme at 31 August 2014 and are included within accruals.

**Teachers' Pension Scheme**

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pensions Scheme**

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

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**26 PENSION AND SIMILAR OBLIGATIONS (Continued)**

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

HM Treasury has published the final Directions and the expected outcome of the TPS valuation is a total contribution rate of 26%. The new TPS employer rate will be 16.4% from September 2015. The rate is subject to confirmation following the scheme actuaries valuation report is finalised, and will be payable until the next the next valuation. The Public Service Pensions Act 2013 provides the legal framework for full actuarial valuations to be carried out every 4 years.

The pension costs paid to TPS in the year amounted to £267,000 (2013: £265,000).

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

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £288,000, of which employer's contributions totalled £230,000 and employees' contribution totalled £58,000. The agreed future contribution rates are 17.6% for employers and a range of 5.5 – 7.5% for employees.

Principal actuarial assumptions

	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	3.8*	4.6*
Rate if increase for pensions in payment/inflation	2.7	2.8
Discount rate for scheme liabilities	3.7	4.6
Expected return on assets	5.5	5.9
Inflation assumption	2.4	2.2

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

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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26 PENSION 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:

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	21.40	20.10
Females	24.00	22.90
<i>Retiring in 20 years</i>		
Males	24.00	22.50
Females	26.60	25.00

	Expected return at 31 August 2014 %	Value at 31 August 2014 £	Expected return at 31 August 2013 %	Value at 31 August 2013 £
Equities	6.30	2,582	6.60	2,394
Bonds	3.20	654	3.90	598
Property	4.50	218	4.70	200
Cash	3.30	182	3.60	133
		<hr/>		<hr/>
TOTAL MARKET VALUE OF ASSETS		3,636		3,325
Present value of scheme liabilities				
- Funded		(4,158)		(3,281)
		<hr/>		<hr/>
(DEFICIT)/SURPLUS IN THE SCHEME		(522)		44
		<hr/>		<hr/>

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

Essa Academy employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher consistent with widely accepted capital market principals. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived from aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2014.

The actual return on the scheme assets was £338,000 (2013: £436,000)

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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26 PENSION AND SIMILAR OBLIGATIONS *(Continued)*

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

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	2014 £'000	2013 £'000
Current service cost	213	194
Past service cost	5	-
Losses on curtailment	-	71
	<hr/>	<hr/>
Total operating charge	218	265
	<hr/>	<hr/>
Interest on obligation	153	120
Expected return on scheme assets	(199)	(134)
	<hr/>	<hr/>
	(46)	(14)
	<hr/>	<hr/>
TOTAL EXPENDITURE RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	172	251
	<hr/>	<hr/>
Actuarial gains on scheme assets	12	303
Actuarial losses on scheme liabilities	(636)	(85)
	<hr/>	<hr/>
TOTAL AMOUNT RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES	(624)	218
	<hr/>	<hr/>

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	2014 £'000	2013 £'000
Actuarial gain on pension scheme assets	12	303
Actuarial loss on pension scheme assets	(636)	(85)
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in Statement of Financial Activities	(624)	218
	<hr/>	<hr/>

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

**26 PENSION AND SIMILAR OBLIGATIONS (Continued)**

RECOGNISED OF OPENING AND CLOSING BALANCES OF THE PRESENT VALUE OF THE TRUST'S SHARE OF SCHEME'S LIABILITIES	2014 £'000	2013 £'000
SCHEME LIABILITIES AT 1 SEPTEMBER	3,281	2,764
Current service cost	213	194
Past service cost	5	-
Contributions by scheme participants	58	57
Interest cost	153	120
Benefit paid	(188)	(10)
Curtailment	-	71
Actuarial loss	636	85
	<hr/>	<hr/>
SCHEME LIABILITIES AT 31 AUGUST	4,158	3,281
	<hr/>	<hr/>

RECOGNISED OF OPENING AND CLOSING BALANCES OF FAIR VALUE OF THE TRUST'S SHARE OF SCHEME'S ASSETS	2014 £'000	2013 £'000
FAIR VALUE OF SCHEME ASSETS AT 1 SEPTEMBER	3,325	2,703
Expected return on scheme assets	199	134
Contributions by employer	230	138
Contributions by scheme participants	58	57
Benefit paid	(188)	(10)
Actuarial gains	12	303
	<hr/>	<hr/>
FAIR VALUE OF SCHEME ASSETS AT 31 AUGUST	3,636	3,325
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2015 is £163,000 (2013: £141,000).

MOVEMENT IN SURPLUS/(DEFICIT) DURING YEAR	2014 £'000	2013 £'000
Surplus/(Deficit) in scheme at 1 September	44	(61)
Current service cost	(213)	(194)
Curtailments and settlements	-	(71)
	(5)	-
Employer contributions	230	138
Net return on assets	46	14
Actuarial (loss)/gain	(624)	218
	<hr/>	<hr/>
(DEFICIT)/SURPLUS IN SCHEME AT 31 AUGUST	(522)	44
	<hr/>	<hr/>

**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2014

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**26 PENSION AND SIMILAR OBLIGATIONS (*Continued*)**

The five-year history of experience adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000	2011* £'000
Defined benefit obligation at end of year	(4,158)	(3,281)	(2,764)	(1,937)
Fair value of plan assets at end of year	3,636	3,325	2,703	1,823
	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/surplus	(522)	44	(61)	(114)
	<hr/>	<hr/>	<hr/>	<hr/>
Experience adjustments on scheme assets	12	303	62	204
Experience adjustments on scheme liabilities	(522)	-	(4)	(180)

\*The academy opened in 2011.

The actuarial gains and losses for the current year are recognised in the SOFA. The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £408,000 (2013: £158,000).

**27 RELATED PARTIES**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the year;

Essa Foundation Academies Trust is a charitable company of which the Principal and various Governors are directors. Included within Trade Debtors is an amount of £nil (2013: £13,900) owed by Essa Foundation Academies Trust, which is stated after a provision of £nil (2013: £7,000).

During the year the Academy made management recharges of £77,000 (2013: £79,000) to, received a donation of £32,000 (2013: £93,000) from, and purchased services totalling £78,000 (2013: £270,000) from, Essa Education Limited. At the year end and included in debtors is an amount of £46,000 (2013: £93,000) which is stated after a provision of £nil (2013: 7,000) owed to the Academy from Essa Education Limited.

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 £1,840 (2013: £1,200). At the year end £240 (2013: £nil) is included in trade debtors.



**Essa Foundation Academy Trust (previously Essa Academy)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2014**

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**28 PRIOR PERIOD ADJUSTMENT**

The Academy moved into new premises in October 2011. The right to use the property was recognised in the financial statements for the years ended 31 August 2012 and 2013 as a donation of facilities on a short term basis with a notional rent charge of £80,000 p.a, with equally matched funding income, being reflected in the SOFA.

However the Trustees have now changed this accounting policy to recognise the right to use the property as they believe this gives a more true and fair presentation.

The comparative figures in the balance sheet and SOFA have been restated to reflect this change in policy. The impact of the prior period adjustment on the 2013 comparatives has been to increase tangible fixed assets and restricted fixed asset funds by £13,744,000 (net book value at 2013), to remove grant funding and notional rent charge in the SOFA of £80,000, and to charge depreciation in the SOFA of £305,000.

This change of accounting policy has also had an impact of £305,000 on the SOFA for the current year, being the depreciation charge reflected in restricted fixed asset funds.

The right to use the property was valued on the basis of the informal arrangements in respect of its use at £14,049,000 on an existing use basis by DTZ in October 2012.

**Essa Foundation Academy Trust (previously Essa Academy)**  
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON**  
**REGULARITY TO THE ESSA FOUNDATION ACADEMY TRUST LIMITED AND THE**  
**EDUCATION FUNDING AGENCY**  
**for the year ended 31 August 2014**

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In accordance with the terms of our engagement letter dated 16 December 2014 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Essa Foundation Academy Trust during the period 1 September 2013 to 31 August 2014 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 Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Essa Foundation Academy Trust and the 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 the Essa Foundation Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Essa Foundation Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by the 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Essa Foundation Academy Trust (previously Essa Academy)  
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO THE ESSA FOUNDATION ACADEMY TRUST LIMITED AND THE  
EDUCATION FUNDING AGENCY  
for the year ended 31 August 2014

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baker Tilly UK Audit LLP*

ALAN DUNWELL (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
2 Whitehall Quay  
Leeds  
LS1 4HG

27.1.15