

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 2017



ESSA FOUNDATION ACADEMIES TRUST

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ESSA FOUNDATION ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr A Patel
Mr Y Patel
Mr A Umarji - resigned 31 August 2017
Mr I Bobat
Mr A Collins

Directors

Non Executive directors

Mr I Bobat
Ms K Longworth
Mr A Collins
Mr A Patel - Chair of governors
Mr Y Patel
Mr N Whittle
Mr A Umarji - resigned 31 August 2017
Mr C Read - appointed 27 February 2017
Mr C Adegoroye - appointed 7 July 2017
Dr M Sharif Salim - appointed 7 July 2017

Executive Directors

Mr A Cooper - appointed 30 September 2016

Governors

Essa Academy:

Sponsor Governors

Mr A Patel - Chair of governors
Mr I Kala
Mr K Rahman - resigned 30 October 2016
Mr N Ford
Mr P Davidson
Mr F Atcha - appointed 29 September 2017
Mrs L Lees - appointed 29 September 2017
Mr Masud Kala - appointed 8 December 2017
Ms C Edge - resigned 16 March 2017
Mrs J Pilkington - appointed 1 July 2016

Parent Governors

Ms J Parker - resigned 25 September 2017
Ms N Arshad
Mr M Kala - appointed 8 December 2017

Staff Governors

Mr J Turner - appointed 22 November 2016
Mr P Ottley-O'Conner - Interim Principal - appointed 1 September 2016

ESSA FOUNDATION ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Essa Primary Academy

Sponsor Governors

Mr N Whittle - Chair

Ms S Patel

Mr I Kala

Ms E Cathcart

Ms J Atherton - Principal

Mrs A Stephens - appointed 25 January 2017

Co-opted Governors

Mr P Jackson - appointed 29 March 2017

Ms T Patel - appointed 29 March 2017

Parent Governors

Ms R Khan - resigned 30 September 2016

Ms A Patel

Ms N Patel - appointed 25 January 2017

Staff Governor

Ms S Akram - resigned 20 September 2017

Mr R Kinch - appointed 8 November 2017

Leadership and Management Team

Mr A Cooper - Chief Executive Officer and Accounting Officer - appointed 1 September 2016

Mr D Mole - Chief Financial Officer - resigned 31 August 2017

Ms M Pogson - HR Director - appointed 18 November 2016

Mr P Ottley-O'Conner - Interim Principal Essa Academy - appointed 1 September 2016

Ms J Atherton - Principal Essa Primary Academy

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 2017

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 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Introduction

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".

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.
- 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 (when the primary academy is fully open) and had a combined roll of 955 at 31st August 2017.

The Trust's sponsor is the Essa Foundation, 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.

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.

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 2017

Method of recruitment and appointment or election of Directors/Trustees

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 officer - 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.

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

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 or 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 2017

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 2017

Organisational structure

Members, Directors and Governors

It's Members and the Board of Directors lead the Trust. 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.

The Board of Directors delegates much of the day-to-day governance of each academy in the Trust to each Local Governing Body, which are committees of the Board of Directors.

The Directors who were in office at 31 August 2017 and served during the year are listed in this Report. During the year under review the Directors held 4 meetings and the Audit and Risk Committee held 5 meetings.

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.

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 2017

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 9 and 10.

Related parties and other connected charities and organisations

Essa Foundation 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 Trusts. A non-executive director of EFAT is also a governor of Bolton Muslim Girls Academy Trust and Bright Futures Education Trust.

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 4 and 16.

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.
- 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.

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).
- Increase the extent to which disabled pupils can participate in the curriculum
- 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 2017

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.

Results for the year 2017 include:

- 49% of students achieved a standard pass in both English and Mathematics.
- the average Attainment 8 score achieved by all students was 39.1.
- the percentage of students achieving a grade 9-4 in English at GCSE was 59%.
- the percentage of students achieving a grade 9-4 in Mathematics at GCSE was 54%.
- the Academy's Progress 8 score was -0.09, which is an improvement on previous years and demonstrates that our students are making good progress across a range of subjects

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

	2016 School	2016 National	2017 School	2017 National
Attainment 8	44.7	49.3	39.1	44.2
Progress 8	-0.13	0	-0.09	0
English & Maths	52%	62%	49%	61%
EBacc	16%	24%	6%	24%

Average attendance at the end of the academic year was 94.0%, which was above the target of 93%.

There were four permanent exclusions over the course of the year.

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Essa Primary Academy

Essa Primary Academy opened in September 2014.

Ofsted inspected Essa Primary Academy in June 2017. Overall effectiveness was judged to require improvement; the Early Years Foundation Stage was judged to be good.

	2016 School	2016 National	2017 School	2017 National
EYFS GLD	54%	69%	56%	71%
Phonics screening	41% (Y1) 62% (Y2)	81% (Y1) 91% (Y2)	67% (Y1) 73% (Y2)	81% (Y1) -% (Y2)
KS1 Writing	34%	65%	49%	68%
KS1 Reading	48%	74%	68%	76%
KS1 Maths	48%	73%	80%	75%

Of the 59 students in Year Two in 2016/17 68% achieved at least Age Related Expectation (ARE) in reading, 49% in writing and 80% in maths.

The table above shows the Academy's performance against national averages.

To improve outcomes, the following areas for development and improvement have been identified:

- Ensure that the quality of teaching is at least good and has greater impact on raising pupils' outcomes by:
- Challenging the most able pupils to produce higher-quality work
- Increasing, in mathematics, the focus on pupils solving problems, and developing their reasoning skills and mathematical understanding
- Making sure that adults have good subject knowledge and accurate spoken language and pronunciation of phonic sounds.
- Reduce pupils' absence, particularly that of those who have special educational needs and/or disabilities.
- Raise boys' attainment and accelerate their progress across subjects by:
- Tracking and accelerating boys' progress in phonics, reading, writing and mathematics
- Making sure, in the Reception Year, that boys are challenged to increase their language, writing, and mathematical skills
- In key stage 1, challenging boys to produce higher-quality work.
- Increase the impact of the curriculum on pupils' learning and attainment, particularly in science, history and geography, by:
- Enabling pupils to extend and use their reading and mathematical skills and knowledge in other subjects
- Training teachers who lead subjects to have a greater impact on raising standards
- Improving the quality of pupils' recording of science investigations
- Improving the quality of worksheets and activities so that pupils are able to write at length, developing their subject-specific skills and understanding
- Making sure that the work in the different subjects is challenging and extends pupils' skills, knowledge and understanding.

These areas will be addressed over the course of the new two academic years through our Academy Improvement Plan.

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 Statement of Accounting Policies.

Financial review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The Trust also receives grants for fixed assets from the ESFA, 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 2017, total resources expended of £7,549k (2016 - £7,139k) exceeded recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted endowment and fixed asset funds) was £418k (2016 - a surplus £31k was seen). One of the main reasons behind the overspend in the current year was a large increase in the need for supply staff and therefore supply staff costs.

At 31 August 2017 the net book value of fixed assets was £23,166k (2016 - £23,657k) 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 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 Unrestricted Fund. This resulted in the pension fund showing a deficit of £966k (2016 - £1,939k deficit), which has been carried forward.

The Trust held fund balances at 31 August 2017 of £24,153k (2016 - £23,873k). A summary is shown in the table below

Funds	2017 £000	2016 £000
Restricted Funds:		
Restricted General Fund	-	93
Pension Reserve	(966)	(1,939)
Endowment Fund	674	645
Fixed Asset Fund	23,152	23,655
Total Restricted Funds	22,860	22,454
Unrestricted Funds	1,293	1,419
Total Funds	24,153	23,873

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 £125k. 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 £1,293k (2016 – £1,419k).

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 investment. 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.

ESSA FOUNDATION ACADEMIES TRUST

DIRECTORS'/ TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

1. Government funding

The Trust has considerable reliance on continued government funding through the ESFA. In 2016/17, 95% 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 ESFA 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 2017

Plans for future periods

The Board of Directors appointed a 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 overall operation and control of the Trust continues to be a priority. Business support teams are encouraged to make a significant contribution to the Trust mission statement 'All Will Succeed' by ensuring high quality communication across the Trust, robustly holding colleagues to account and supporting their development and playing a key role in ensuring that EFAT is operating effectively as a multi-academy trust.

Likewise, improving the quality of leadership and management remains crucial with an emphasis on regular self-evaluation and high quality strategic planning and prioritization.

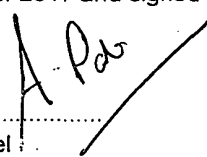
Supporting rapid and sustained improvement in each academy continues to be important: recruiting and retaining high quality staff is therefore a major feature of our future plans.

The Trust opened a nursery in January 2017, which is run by its wholly owned subsidiary Essa Education Limited and we intend to ensure that this goes from strength to strength.

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 8 December 2017 and signed on its behalf by:


.....
Mr A Patel
Chair of Governors

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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), as Accounting Officer, for ensuring financial controls conform to 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.

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Directors	Meeting attended	Out of possible
Mr A Umarji	4	4
Mr A Patel - Chair	4	4
Mr I Bobat	4	4
Mr N Whittle	4	4
Mr Y Patel	3	4
Mr A Collins	4	4
Ms K Longworth	2	4
Mr C Read	2	2
Dr M Sharif Salim	1	1
Mr C Adegoroye	1	1
Mr A Cooper	4	4

Key Challenges

A key challenge for the Board in the past year was to appoint a permanent Principal for Essa Academy - it succeeded in appointing Mr M Knowles, who took office on 1 September 2017.

Going forward, improving pupil outcomes and attendance is the biggest challenge.

Audit and Risk Committee

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 a change in membership during the year. Attendance at meetings in the year was as follows:

Board members	Meeting attended	Out of possible
Mr A Collins	5	5
Ms K Longworth	5	5
Mr N Whittle	5	5
Mr I Bobat	5	5

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 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

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 ESFA 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.

UHY Hacker Young 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 their 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 the fixed asset and budgeting processes. 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.

The internal auditor/reviewer has delivered their schedule of work as planned. Throughout the year the auditor reports to the board of trustees through the audit and risk committee on the operation of the systems of 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 external 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

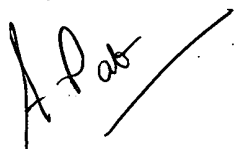
ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 8 December 2017 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 2017

As Accounting Officer of Essa Foundation Academies Trust I have considered my responsibility to notify the Trust's Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with the Education Funding Agency's terms and conditions of funding, under the funding agreement in place between the 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.

I confirm that I and the Trust's Board of Directors is able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook.

There have been no instances of material irregularity, impropriety or funding non-compliance discovered between 1 September 2016 and 31st August 2017. If any instances are identified after the date of this statement, these will be notified to the Board of Directors and ESFA.

ARC

Mr A Cooper
Accounting Officer

8/12/17

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF DIRECTORS'/ TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills 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 2016 to 2017;
- 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 ESFA/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 members of the Board of Directors on 8 December 2017 and signed on its behalf by:


Mr A Patel
Chair of Governors

ESSA FOUNDATION ACADEMIES TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSA FOUNDATION ACADEMIES TRUST

Opinion

We have audited the accounts of Essa Foundation Academies Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 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 2016 to 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors'/ Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Directors'/Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Directors/Trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ESSA FOUNDATION ACADEMIES TRUST

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the Directors'/ Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors'/ Trustees' Report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors/Trustees

As explained more fully in the Statement of Directors'/ Trustees' Responsibilities, the Directors/Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Directors/Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Directors/Trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors/Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ESSA FOUNDATION ACADEMIES TRUST

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

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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Chartered Accountants
Statutory Auditor

20/12/17

St James Building
79 Oxford Street
Manchester
M1 6HT

ESSA FOUNDATION ACADEMIES TRUST

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

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA 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 ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. 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 2017 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 AND SKILLS FUNDING AGENCY (CONTINUED)

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

UHY Hacker Young Manchester LLP

Dated:

20/12/17

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Endowment Fixed asset £'000	Funds £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:							
Donations and capital grants	3	10	10	82	-	102	154
Charitable activities:							
- Funding for educational operations	4	-	6,886	-	-	6,886	6,800
Other trading activities	5	189	29	-	-	218	303
Investments	6	7	-	-	29	36	45
Total income and endowments		<u>206</u>	<u>6,925</u>	<u>82</u>	<u>29</u>	<u>7,242</u>	<u>7,302</u>
Expenditure on:							
Charitable activities:							
- Educational operations	8	-	7,549	707	-	8,256	7,826
Total expenditure	7	<u>-</u>	<u>7,549</u>	<u>707</u>	<u>-</u>	<u>8,256</u>	<u>7,826</u>
Net income/ (expenditure)		206	(624)	(625)	29	(1,014)	(524)
Transfers between funds		(332)	210	122	-	-	-
Other recognised gains and losses							
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,294	-	-	1,294	(1,132)
Net movement in funds		(126)	880	(503)	29	280	(1,656)
Reconciliation of funds							
Total funds brought forward		<u>1,419</u>	<u>(1,846)</u>	<u>23,655</u>	<u>645</u>	<u>23,873</u>	<u>25,529</u>
Total funds carried forward		<u>1,293</u>	<u>(966)</u>	<u>23,152</u>	<u>674</u>	<u>24,153</u>	<u>23,873</u>

ESSA FOUNDATION ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information

Year ended 31 August 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Endowment Fixed asset £'000	Funds £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	51	-	103	-	154
Charitable activities:						
- Funding for educational operations	4	-	6,800	-	-	6,800
Other trading activities	5	285	18	-	-	303
Investments	6	16	-	-	29	45
Total income and endowments		<u>352</u>	<u>6,818</u>	<u>103</u>	<u>29</u>	<u>7,302</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	3	7,136	687	-	7,826
Total expenditure	7	<u>3</u>	<u>7,136</u>	<u>687</u>	<u>-</u>	<u>7,826</u>
Net income/(expenditure)		349	(318)	(584)	29	(524)
Transfers between funds		-	(308)	308	-	-
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	24	-	(1,132)	-	-	(1,132)
Net movement in funds		349	(1,758)	(276)	29	(1,656)
Reconciliation of funds						
Total funds brought forward		1,070	(88)	23,931	616	25,529
Total funds carried forward		<u>1,419</u>	<u>(1,846)</u>	<u>23,655</u>	<u>645</u>	<u>23,873</u>

ESSA FOUNDATION ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12		40		17
Tangible assets	14		23,126		23,640
Investments	13		-		-
			<u>23,166</u>		<u>23,657</u>
Current assets					
Debtors	15	511		391	
Investments	16	518		518	
Cash at bank and in hand		1,909		2,133	
		<u>2,938</u>		<u>3,042</u>	
Current liabilities					
Creditors: amounts falling due within one year	17	(985)		(887)	
Net current assets			<u>1,953</u>		<u>2,155</u>
Net assets excluding pension liability			<u>25,119</u>		<u>25,812</u>
Defined benefit pension liability	24		(966)		(1,939)
Net assets			<u>24,153</u>		<u>23,873</u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			23,152		23,655
- Restricted income funds			-		93
- Pension reserve			(966)		(1,939)
- Endowment funds			674		645
Total restricted funds			<u>22,860</u>		<u>22,454</u>
Unrestricted income funds	19		<u>1,293</u>		<u>1,419</u>
Total funds			<u>24,153</u>		<u>23,873</u>

The accounts set out on pages 30 to 54 were approved by the board of governors and authorised for issue on 2/12/17 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 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash used in operating activities	22	(126)	(752)
Cash flows from investing activities			
Dividends, interest and rents from investments		36	16
Capital grants from DfE and EFA		82	922
Payments to acquire intangible fixed assets		(30)	-
Payments to acquire tangible fixed assets		(186)	(268)
		(98)	670
Change in cash and cash equivalents in the reporting period		(224)	(82)
Cash and cash equivalents at 1 September 2016		2,133	2,215
Cash and cash equivalents at 31 August 2017		1,909	2,133

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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, which is a public benefit entity under FRS 102, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 Basis of consolidation

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.

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.

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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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.

Other income

Other income, including catering and trip income, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

Investment income

Investment income consists of bank interest receivable and endowment income, both recognised within the period in which they are receivable.

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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

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

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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	50 years straight line
Books	15% straight line
Computer equipment	25% straight line
Fixtures, fittings & equipment	12.5% - 33% 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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

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

The academy's shareholding in the wholly owned subsidiary, ESSA Education Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

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

1.11 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 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.

1.13 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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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 24, 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.

1.14 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.

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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 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 24, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	82	-	82	103
Other donations	10	10	-	20	51
	<u>10</u>	<u>92</u>	<u>-</u>	<u>102</u>	<u>154</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	6,220	6,220	6,119
Other DfE / ESFA grants	-	609	609	606
	<u>-</u>	<u>6,829</u>	<u>6,829</u>	<u>6,725</u>
Other government grants				
Local authority grants	-	57	57	75
	<u>-</u>	<u>57</u>	<u>57</u>	<u>75</u>
Total funding	<u>-</u>	<u>6,886</u>	<u>6,886</u>	<u>6,800</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Catering income	162	-	162	171
Trip income	-	29	29	18
Other income	27	-	27	114
	<u>189</u>	<u>29</u>	<u>218</u>	<u>303</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
Endowment income	-	-	29	29	29
Other investment income	7	-	-	7	16
	<u>7</u>	<u>-</u>	<u>29</u>	<u>36</u>	<u>45</u>

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	4,355	495	489	5,339	5,280
- Allocated support costs	1,793	559	565	2,917	2,546
	<u>6,148</u>	<u>1,054</u>	<u>1,054</u>	<u>8,256</u>	<u>7,826</u>

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	34	32
- Other services	6	11
Operating lease rentals	11	6
Depreciation of tangible fixed assets	700	683
Amortisation of intangible fixed assets	7	8
Net interest on defined benefit pension liability	44	27
	<u></u>	<u></u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

(Continued)

Included within expenditure are the following transactions:

	2017 £'000
Ex-gratia payments - total	10
- Individual items: Settlement agreement with ex-teacher	10
Unrecoverable debts - total	(7)
	<u> </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 and Skills 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.

The amounts charged during the year were as follows:

	Total £'000
Essa Primary	115
Essa Academy	665
	<u> </u>
	780
	<u> </u>

8 Charitable activities

	2017 £'000	2016 £'000
All from restricted funds:		
Direct costs - educational operations	5,339	5,280
Support costs - educational operations	2,917	2,546
	<u> </u>	<u> </u>
	8,256	7,826
	<u> </u>	<u> </u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities (Continued)

	2017 £'000	2016 £'000
Analysis of support costs		
Support staff costs	1,793	1,269
Depreciation and amortisation	212	206
Technology costs	123	106
Premises costs	324	418
Other support costs	358	391
Governance costs	107	156
	<u>2,917</u>	<u>2,546</u>

9 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	4,261	4,279
Social security costs	416	336
Operating costs of defined benefit pension schemes	912	759
Apprenticeship levy	3	-
	<u>5,592</u>	<u>5,374</u>
Staff costs	5,592	5,374
Supply staff costs	405	159
Staff restructuring costs	10	25
Staff development and other staff costs	141	123
	<u>6,148</u>	<u>5,681</u>
Total staff expenditure	6,148	5,681

Staff numbers

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

	2017 Number	2016 Number
Teachers	68	70
Administration and support	114	105
Management	11	11
	<u>193</u>	<u>186</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	3	1
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£135,001 - £140,000	1	-
	<u>4</u>	<u>3</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £9,563 (2016: £25,000). Individually, the payments were: £9,563 (2016 - £17,000 and £8,000).

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, or paid to agencies for their services to the academy trust was £572,000 (2016: £429,000).

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 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 £2,119 (2016 - £1,743) were reimbursed to the governors.

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

Ms G Grills (Sponsor Governor- resigned Aug-16):

Remuneration £nil (2016: £10,000 - £15,000)

Employer's pension contributions - £nil (2016: £nil)

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

Remuneration £nil (2016: £45,000 - £50,000)

Employer's pension contributions £nil (2016: £0 - £5,000)

Ms S Towers (Staff Governor - resigned Aug-16):

Remuneration £nil (2016: £45,000 - £50,000)

Employer's pension contributions £nil (2016: £5,000 - £10,000)

Ms S Akram (Staff Governor):

Remuneration £15,000 - £20,000 (2016: £20,000 - £25,000)

Employer's pension contributions - £nil (2016: £nil)

Ms N Arshad (Parent Governor):

Remuneration £nil (2016: £0 - £5,000)

Employer's pension contributions £nil (2016: £nil)

Ms J Atherton (Principal - Essa Primary):

Remuneration £60,000 - £65,000 (2016: £35,000 - £40,000)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

Mr A Chohan (Interim Management Team Director and Trustee - Essa Academy - resigned Aug-16):

Remuneration £nil (2016: £105,000 - £110,000)

Remuneration includes £nil (2016: £27.9k) of services invoiced as the Interim Management Team Director

Employer's pension contributions £nil (2016: £10,000 - £15,000)

Mr A Cooper (Chief Executive Officer and Accounting Officer - appointed Sep-16)

Remuneration £135,000 - £140,000 (2016 - £nil)

Employer's pension contributions £20,000 - £25,000 (2016 - £nil)

Mr J Turner (Staff Trustee - appointed Nov-16)

Remuneration £30,000 - £35,000 (2016 - £nil)

Employer's pension contributions £0 - £5,000 (2016 - £nil)

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

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11. 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.

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

12 Intangible fixed assets

	Software £'000
Cost	
At 1 September 2016	38
Additions	30
	<hr/>
At 31 August 2017	68
	<hr/>
Amortisation	
At 1 September 2016	21
Charge for year	7
	<hr/>
At 31 August 2017	28
	<hr/>
Net book value	
At 31 August 2017	40
	<hr/>
At 31 August 2016	17
	<hr/>

13 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 is primarily a nursery which also provides leisure facilities to the public and provides supply teaching services to other schools. As at the date of signing these accounts, the ESSA Education Limited results for the year to 31 August 2017 had not been finalised.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2016	24,105	755	315	22	25,197
Additions	88	64	34	-	186
At 31 August 2017	24,193	819	349	22	25,383
Depreciation					
At 1 September 2016	1,006	376	169	6	1,557
Charge for the year	530	132	33	5	700
At 31 August 2017	1,536	508	202	11	2,257
Net book value					
At 31 August 2017	22,657	311	147	11	23,126
At 31 August 2016	23,099	379	146	16	23,640

The land and buildings were valued by Sanderson Weatherall upon the date of transition to FRS102 and this value was included as deemed cost as at that date with no revaluation policy applied since transition. Additions to land and buildings since the transition to FRS102 have been included at cost.

15 Debtors	2017 £'000	2016 £'000
Trade debtors	2	7
Amounts owed by group undertakings	110	82
VAT recoverable	149	145
Other debtors	85	61
Prepayments and accrued income	165	96
	511	391

16 Current asset investments

The academy has shares in listed companies held at £518,000 (2016 - £518,000).

17 Creditors: amounts falling due within one year	2017 £'000	2016 £'000
Trade creditors	635	563
Accruals and deferred income	350	324
	985	887

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18	Deferred income	2017 £'000	2016 £'000
	Deferred income is included within:		
	Creditors due within one year	151	110
		<u>110</u>	<u>114</u>
	Deferred income at 1 September 2016	110	114
	Released from previous years	(110)	(114)
	Amounts deferred in the year	151	110
		<u>151</u>	<u>110</u>
	Deferred income at 31 August 2017	151	110

At the balance sheet date the academy trust was holding amounts of £54,000 (2016 - £40,000) in respect of the academy iPad scheme, £34,000 (2016 - £36,000) in respect of a non-domestic rates reimbursed in advance, £52,000 (2016 - £31,000) in respect of government grants, £9,000 (2016 - £Nil) in respect of SEN funding, £nil (2016 - £1,000) in respect of school trip income and £2,000 (2016 - £2,000) in respect of other income.

19	Funds	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
	Restricted general funds					
	General Annual Grant	93	6,220	(7,157)	844	-
	Other DfE / ESFA grants	-	609	(61)	(548)	-
	Other government grants	-	57	(10)	(47)	-
	Other restricted funds	-	39	-	(39)	-
		<u>93</u>	<u>6,925</u>	<u>(7,228)</u>	<u>210</u>	<u>-</u>
	Funds excluding pensions	93	6,925	(7,228)	210	-
	Pension reserve	(1,939)	-	(321)	1,294	(966)
		<u>(1,846)</u>	<u>6,925</u>	<u>(7,549)</u>	<u>1,504</u>	<u>(966)</u>
	Restricted fixed asset funds					
	DfE / ESFA capital grants	23,655	82	(707)	122	23,152
		<u>23,655</u>	<u>82</u>	<u>(707)</u>	<u>122</u>	<u>23,152</u>
	Restricted endowment fund	645	29	-	-	674
		<u>645</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>674</u>
	Total restricted funds	22,454	7,036	(8,256)	1,626	22,860
		<u>22,454</u>	<u>7,036</u>	<u>(8,256)</u>	<u>1,626</u>	<u>22,860</u>
	Unrestricted funds					
	General funds	1,419	206	-	(332)	1,293
		<u>1,419</u>	<u>206</u>	<u>-</u>	<u>(332)</u>	<u>1,293</u>
	Total funds	23,873	7,242	(8,256)	1,294	24,153
		<u>23,873</u>	<u>7,242</u>	<u>(8,256)</u>	<u>1,294</u>	<u>24,153</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 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.

Unrestricted fund

This fund relates to unrestricted income and expenditure

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, ESFA and private sponsors to carry out works of a capital nature.

Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2017 were allocated as follows:	
Essa Primary	200
Essa Academy	1,767
	<hr/>
Total before fixed assets fund and pension reserve	1,967
Restricted fixed asset fund	23,152
Pension reserve	(966)
	<hr/>
Total funds	24,153
	<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	734	225	61	113	1,133
Essa Academy	3,523	613	106	893	5,135
Central services	98	679	-	504	1,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,355	1,517	167	1,510	7,549
	<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 2017

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:					
Intangible fixed assets	-	-	40	-	40
Tangible fixed assets	-	-	23,126	-	23,126
Current assets	1,293	971	-	674	2,938
Creditors falling due within one year	-	(971)	(14)	-	(985)
Defined benefit pension liability	-	(966)	-	-	(966)
	<u>1,293</u>	<u>(966)</u>	<u>23,152</u>	<u>674</u>	<u>24,153</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:					
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>

21 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the accounts	<u>20</u>	<u>-</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

22 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £'000	2016 £'000
Net expenditure for the reporting period	(1,014)	(525)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(82)	(103)
Net endowment income	(29)	(29)
Investment income receivable	(7)	(16)
Defined benefit pension costs less contributions payable	277	127
Defined benefit pension net finance cost	44	27
Depreciation of tangible fixed assets	700	691
Amortisation of intangible fixed assets	7	-
(Increase)/decrease in debtors	(120)	148
Increase/(decrease) in creditors	98	(1,072)
Net cash used in operating activities	(126)	(752)

23 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000	2016 £'000
Amounts due within one year	27	7
Amounts due in two and five years	29	11
	<u>56</u>	<u>18</u>

24 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 2016.

Contributions amounting to £nil (2016: £15k) were payable to the schemes at 31 August 2017 and are included within creditors.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations

(Continued)

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

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 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £408k (2016: £405k)

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 £238,000.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations

(Continued)

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	2017 £'000	2016 £'000
Employer's contributions	238	227
Employees' contributions	87	84
Total contributions	325	311

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.2	3.4
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1

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

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

	2017 Years	2016 Years
Retiring today		
- Males	21.5	21.4
- Females	24.1	24.0
Retiring in 20 years		
- Males	23.7	24.0
- Females	26.2	26.6

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2017 Fair value £'000	2016 Fair value £'000
Equities	4,396	3,645
Bonds	963	860
Cash	301	253
Property	361	304
Total market value of assets	6,021	5,062
Actual return on scheme assets - gain/(loss)	684	(824)
Amounts recognised in the statement of financial activities	2017 £'000	2016 £'000
Current service cost (net of employee contributions)	515	354
Net interest cost	44	27
Changes in the present value of defined benefit obligations		2017 £'000
Obligations at 1 September 2016		7,001
Current service cost		515
Interest cost		153
Employee contributions		87
Actuarial gain		(719)
Benefits paid		(50)
At 31 August 2017		6,987
Changes in the fair value of the academy trust's share of scheme assets		2017 £'000
Assets at 1 September 2016		5,062
Interest income		109
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain		575
Employer contributions		238
Employee contributions		87
Benefits paid		(50)
At 31 August 2017		6,021

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

25 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 £131k (2016 - £43k) to, and received a donation of £10k (2016 - £51k) from, Essa Education Limited, a wholly owned subsidiary. At the year end Essa Education Limited owed £110k (2016 - £82k) to the Academy.

Bolton 5-a-Side, in which Mr C Fishwick (a Governor who resigned on 31 August 2016) has an interest, hired sports facilities from the Academy in the year for which the Academy invoiced £nil (2016 - £1.8k) as a related party. There were sales made to Bolton-5-a-side amounting to £1.9k during the year, however these were not under the capacity as a related party.

Mr Y Patel and Mr I Kala (Governors) are also governors in Bolton Muslim Girls School. During the year the Academy charged Bolton Muslim Girls School £Nil (2016 - £32.3k) for the provision of school meals.

Mr N Ford, Mr P Davidson and Ms C Edge (Governors) have an interest in Bolton School. During the year the Academy incurred expenditure from Bolton School relating to staff events and educational equipment of £5,882 (2016 - £Nil).

Mr Y Patel (governor) is also a trustee in Bright Futures Educational Trust Limited. During the year the Academy purchased services of £20.4k (2016 - £Nil). At the year end the Academy owed £6,150 (2016 - £Nil) to Bright Futures Educational Trust Limited.

26 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.