

Company registration number 06731593 (England and Wales)

ESSA FOUNDATION ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2022



Haines Watts
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

ESSA FOUNDATION ACADEMIES TRUST

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ESSA FOUNDATION ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members:

Mr Y Patel
Mr A Umarji
Mr I Bobat

Directors:

Mr M Hackett – Chair of Board from 1 July 2022
Mr C Read – Chair of Board, resigned 1 July 2022
Mr I Ross
Ms K Longworth
Mr N Whittle
Mr N Ford – resigned 9 December 2021
Ms A Casey – appointed 1 September 2022
Ms L Williams – appointed 7 July 2022

Governors:

Essa Academy:

Sponsor Governors:

Mr N Ford – Chair of Governors
Mr P Davidson
Mr F Atcha
Mr Mohammad Kola
Mr I Wadeson
Ms J Atherton – appointed 1 September 2021

Parent Governor:

Mr S Kola
Mr I Niazi

Staff Governor:

Mr J Turner

Essa Primary Academy:

Sponsor Governors:

Mr N Whittle – Chair of Governors
Mr I Ross
Mr M Knowles – appointed 1 September 2021
Mr M Barnes
Ms A Patel – resigned 13 June 2022

Parent Governors:

Mrs M Khan – appointed 5 May 2022

Staff Governor:

Mrs L Banks

ESSA FOUNDATION ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Leadership and Management Team:

Dame K August – Chief Executive Officer and Accounting Officer – resigned 31 August 2022

A Casey – Chief Executive Officer and Accounting Officer – appointed 1 September 2022

Mr M Knowles - Principal Essa Academy

Ms J Atherton - Principal Essa Primary Academy

Mr A Sahi – Chief Financial Officer – resigned 5 November 2021

Mr L Gash – Acting Chief Financial Officer – appointed 6 November 2021, resigned 31 January 2022

Ms S Smith – Chief Financial Officer – appointed 1 February 2022

Company registration number 06731593 (England and Wales)

Principal and Registered office Lever Edge Lane
Bolton
Lancs
BL3 3HH

Independent auditor Haines Watts
Bridge House
Ashley Road
Hale
Altrincham WA14 2UT

Bankers Lloyds Bank Plc
Hotel Street
Bolton
BL1 1DB

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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 academy trust operates one primary and one secondary academy in Bolton. Its academies have a combined pupil capacity of 1,470 and had a roll of 1,476 in the school census in Spring 2022.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Essa Foundation Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Essa Academy and Essa Primary. Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

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.

Trustees' indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides unlimited cover. It is not possible to quantify the trustees' and officers' indemnity element from the overall cost of the RPA scheme.

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 Essa Foundation Academies Trust (EFAT) 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.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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

- the chair is not already a serving academy director;
- the chair is an academy director seeking re-election/re-appointment on completion of a term of office; and
- 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

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 and notify the existing sponsor governor of the outcome.

Where a decision has been taken to fill vacant sponsor director posts, the 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.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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.

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.

Organisational structure

Members, directors and governors:

Its 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 Finance, Audit and Risk Committee, Remuneration 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 2022 and served during the year are listed in this report.

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.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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.

Operational leadership and management of the trust and of individual academies

The Chief Executive Officer (CEO) is the executive director of the trust, the accounting officer and a member of the board of directors.

The 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.

Subsidiary

The academy trust has a subsidiary company named Essa Education Limited, company number 07644762. The academy trust owns 100% of the issued share capital and exerts control over the entity by virtue of this shareholding. Essa Education Limited provides community lettings of our sports facilities outside of school hours, supporting our public benefit offerings to the local community.

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 CEO and a remuneration committee of up to 3 directors and the chair of the LGB, advised by the CEO, to review the performance and pay of principals. The remuneration committee is a subcommittee of the Finance, Risk and Audit Committee.

The key leadership and management personnel of the trust comprise the leadership and management posts as set out on page 1.

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 CEO and following guidance from the relevant professional pay review bodies. The CEO was not involved in setting their 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.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The CEO reviews the performance of senior managers in the central services team.

Non-executive directors and governors, other than principals and staff governors, are not remunerated. Remuneration of these individuals is in respect of their contracts of employment with the trust only; no payment is made in respect of their trustee or governor roles. Specific disclosures concerning remuneration of senior staff is included in note 11.

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 11.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	175.06 FTE

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% to 50%	1
51% to 99%	0
100%	0

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Percentage of pay bill spent on facility time

Total cost of facility time	£11,863
Total pay bill	£7,683,960
Percentage of the total pay bill spent on facility time	0.15%

Related parties and other connected charities and organisations

Essa Foundation is the sponsor of Essa Foundation Academies Trust. Essa Foundation is an educational charity set up to encourage research, development, and the introduction of best practice across schools and curriculums. Essa Foundation is under the control of the academy trust's members. There is no regular funding paid to the academy trust by the sponsor. The sponsor makes ad hoc donations to the academy trust. Essa Foundation made a donation to the academy trust in the year amounting to £10,000. This donation was made in recognition of the Essa Academy's 'Good' OFSTED grading.

The academy trust has a subsidiary company named Essa Education Limited, company number 07644762. The academy trust owns 100% of the issued share capital and exerts control over the entity by virtue of this shareholding. Essa Education Limited provides community lettings of our sports facilities outside of school hours, supporting our public benefit offerings to the local community.

Objectives and aims

The academy trust's objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, science and language underpinned by enterprise.

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".

Objectives, strategies and activities

Introduction

Our main aim is to make the most of our unique family of schools to give every child the best possible opportunity to flourish and develop into a decent, disciplined, well-educated and employable young person.

Here is what is at the heart of all we do:

Achieving full potential, no excuses:

We will do all we can to make sure every child gets the chance to reach their full potential. No child should ever get left behind; all have the capacity to learn and to achieve. We'll do this by instilling an acceptance that hard work, effort and application really does pay off. And through effort and application come self-respect, self-esteem, self-belief and success.

Developing decent people:

Results and qualifications are important, but they are not the whole story – far from it. Our ultimate goal is to develop well-rounded young people who will make the most of the opportunities open to them in our schools. They will have resilience, zest and passion: people that employers will want to employ; people who will play a part in the communities in which they live and work; people we can be truly proud to say came through our schools.

Discipline and standards:

It is important to us that our young people demonstrate high standards and that our schools are safe, structured places in which to learn – this will enable inspiring things to happen in the classroom. We will achieve this by expressing our high expectations regularly and frequently and by paying relentless attention to detail. We attach importance to values such as respect: for ourselves, for others, for learning and for the environment.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Great schools for all:

We want the schools within our academy trust to be judged as great schools for all the young people that attend them. This means recruiting outstanding people to work in our schools and offering a curriculum that is engaging, challenging and responsive to individual needs.

Big on attitude:

We will frequently stand back and reflect on how we can do things differently and better. That does not mean latching on to the latest fad: it means being open-minded about trying new ideas; it means acknowledging mistakes but seeing them as an experience from which to learn; it means being aware of what happens beyond our schools so that we can predict future trends and remain in control of our destiny.

Strength in sharing:

We believe there is a strength brought about by working together within a multi-academy trust enabling shared resources, shared knowledge, shared experience and shared success. What is great about our family of schools is that we can be with a child every step of the way, from teaching them to tie their shoe laces right through to congratulating them on their GCSE results and their future plans. That puts us in a unique position; it is also a tremendous responsibility.

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 1,320 and had a combined roll of 1,478 as of 31 August 2021

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.

Strategic priorities 2021-2022

The trust commit to achieving our mission: Our mission is 'All Will Succeed'.

'Our mission at Essa Academy is for all students to leave us as valuable citizens of society, community and country.'

The main objectives and performance of the trust during the year ended 31 August 2021 are summarised below.

Quality of education

We want to have stewardship of a trust which values what pupils learn, how they are taught it, and how their teachers are supported and developed to provide the strong instruction and robust curriculum that enable pupils to be successful.

Trust leaders understand that of all the variables we can control, the quality of teaching has the most impact on how strong pupil outcomes are.

Teachers and leaders across the trust have a shared understanding of curriculum, and understand that what is important is the content which children will learn.

In both schools post covid strategies have been implemented to address any gaps.

The secondary academy curriculum timetable has been revised to enable increased time for EBacc subjects. A new Teaching and Learning SLT has been established and there is a sharp focus on training and development through CPD. Post Covid strategies have had impact including use of the tutoring grant and there have been improvements in attainment and progress since 2019. The academy was inspected in October 2021 and was graded Good. The curriculum is broader, offering a wider range of subjects, experiences, and a variety of knowledge and skills to enable the development of well-rounded young people. Increased time has been allocated to EBACC subjects which are being supported and line managed by senior staff. Attendance is above national averages, and the school is oversubscribed. There has been a focus on ensuring cultural capital through the curriculum and Essa experience.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The curriculum has been structured with an understanding of how pupils learn, with opportunities to retrieve previously taught content, to build authentic connections between material, and an understanding of the strategies most likely to mitigate the fact that forgetting is an inevitable part of learning over time.

The primary academy has continued to work well to achieve its goals and aims. The SLT have a clear purpose and focus. A great focus has been on curriculum intent and the curriculum sequencing once completed will give teachers a clear understanding of what to teach and when. The curriculum in both has been structured with an understanding of how pupils learn, with opportunities to retrieve previously taught content, to build authentic connections between material, and an understanding of the strategies most likely to mitigate the fact that forgetting is an inevitable part of learning over time.

Finance

We want to have stewardship of a trust which is solvent, which has the necessary reserves to enable us to approve spending on the resources and estates of the trust where necessary, in order that those who lead our schools are able to focus their attentions on quality of education.

With the appointment of a CFO who has an audit background, budgeting processes have been further developed to ensure trustees receive more in depth detail and analysis. Compliance with the trust handbook has been a priority. A restructure without redundancies ensured a secure budget. We currently hold free reserves (being restricted general fund, excluding pension and unrestricted funds) equal to approximately 8% of our ongoing annual income. This is in line with our reserves policy to hold 1/12th of our ongoing annual income in reserves to ensure cashflow is maintained if there is a delay in receipt of our core funding.

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.

People

We want to have stewardship of a trust which is an employer of choice, where we have recruited the right people to the right roles in which they're able to have impact, and where we retain high-quality staff by offering attractive employment conditions and interesting, valuable work.

We have developed a highly-skilled workforce who support the growth of the trust.

Our performance management is fair, not overly complex, and holds people to account whilst helping the managers and the trust as an employer understand their development needs and career aspirations. We have reviewed our pay and appraisal policies and introduced an online appraisal system for 2022-2023.

- We were able to recruit to posts, because our offer is attractive.
- We were able to retain high-quality staff, and whilst recruitment and retention is a national issue, our staff attrition rate is below local and national averages.
- Staff attendance is high.
- Staff morale is high and monitored through wellbeing surveys.

Growth and sustainability

We want to have stewardship of a trust which is sustainable in the long run – parents want their children educated here, and so pupil roll is filled, we're financially solvent, and we're able to maintain the staffing commensurate with our pupil roll.

We want to develop a trust which performs well and is seen in the system as a 'capacity giver', not a 'capacity taker'. This means we will be a trust which those who commission school pupil places, school expansions, and school sponsorships, have faith in. This is important not because we want to expand for the sake of it, or because we have ambitions to be a school of any specific size, but because in a future where trusts will grow and merge, we want to be in control over our destiny. The trust board have considered the implications of the White Paper and are considering opportunities for the future.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Risk management

The trust can be held liable for decisions made by both the board of directors and local governing bodies. There is a Finance, Audit and Risk Committee and a revised scheme of delegation. Risks are captured at trust and academy level.

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. The board has appointed a safeguarding trustee. 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 and complete safeguarding training.

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.

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.
- 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.
- Improve the delivery to disabled pupils of information, which is provided in writing for pupils who are not disabled.

Public benefit

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

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report

Achievement and performance and key performance indicators

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 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.

Essa Secondary Academy

The academy was inspected in October 2021 and was judged Good in all areas. Essa Ofsted Report 21

Provisional results for the year 2022 include:

- 62% of students achieved a standard pass in both English and Mathematics
- 44% of students achieved a good pass in both English and Mathematics
- The average Attainment 8 score achieved by all students was 44.63
- The percentage of students achieving a grade 9-4 in English at GCSE was 74%
- The percentage of students achieving a grade 9-5 in English at GCSE was 59%
- The percentage of students achieving a grade 9-4 in Mathematics at GCSE was 68%
- The percentage of students achieving a grade 9-5 in Mathematics at GCSE was 51%.
- The academy's Progress 8 score was +0.28, which is above the National Average
- The academy's Progress 8 score for English was +0.25, which is above the National Average
- The academy's Progress 8 score for Maths was +0.66, which is above the National Average

The table below shows the academy's academic performance against the 2019 national averages:

	School Outcomes 2017	School Outcomes 2018	School Outcomes 2019 Cohort: 167	National Outcomes 2019	School Outcomes 2022 Cohort: 212	Change In School Outcomes from 2019
Attainment 8	39.4	38.80	44.39	46.4	44.40	↑
Progress 8	-0.1	0.01	+0.27	-0.03	+0.28	↑
Progress 8 English	-0.14	+0.16	+0.28	-0.03	+0.25	↓
Progress 8 Maths	-0.08	+0.38	+0.31	-0.03	+0.66	↑
English & Maths % 4+ (Basics)	49%	54%	60%	64%	61%	↑
English & Maths % 5+ (Basics)	31%	37%	41%	43%	44%	↑
EBACC Average Point Score (NEW)			3.72		4.49	↑
% Grades 7-9			18%		16%	↓

Average attendance at the end of the academic year was 94.54%. This is significantly above the FFT National Average of 90.0%. Attendance was above the FFT (Fischer family trust) National Average across all years and groups of students.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Numbers on roll

Numbers on roll at October Census				
	2019	2020	2021	Sep-22
All	980	1038	1066	1083
Year7	188	208	219	231
Year8	216	200	208	218
Year9	219	221	209	206
Year10	179	220	213	211
Year11	176	189	217	217

Priorities for 2022/23:

- **Curriculum: Academic Rigour.**
Ensuring the curriculum is reviewed and constantly adapted to ensure a deepening of knowledge.
- **Awe and Wonder**
Inspiring young people to **want** to learn more about subjects. The 'wow factor'.
- **Assessment**
Ensuring we know exactly what has been learned then adjusting teaching to address gaps.
- **Pedagogical Choices**
Teachers use the right techniques at the right time to facilitate deep learning
- **Attitudes to Learning**
Promoting a positive learning climate with self-regulation
- **High Prior Attainers**
Stretching the most able to achieve the highest grades. Grade 8 and 9. Providing aspirational opportunities for their future.

Summary

All of the above priorities respond to the continuation of our drive to outstanding. They predominantly focus on classroom learning and ensuring all learners achieve their best.

Essa Primary Academy:

Essa Primary Academy opened in September 2014.

Ofsted inspected Essa Primary Academy in October 2019. Overall effectiveness was judged to be good; the Early Years Foundation Stage was judged to be outstanding. This represents a significant improvement since the previous Ofsted inspection in 2017.

The table below shows the academy's performance against national averages for 2019 and 2022. Due to COVID-19 there is no published data for 2020 and 2021:

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

	2019 School	2019 National	2022 School	2022 National
EYFS GLD	68%	72%	67%	65%
Phonics screening	61% (Y1) 91% (Y2)	83% (Y1) 92% (Y2)	48% (Y1) 74% (Y2)	76% (Y1) 91% (Y2)
KS1 Writing	50%	69%	29%	58%
KS1 Reading	59%	75%	60%	67%
KS1 Maths	66%	76%	62%	68%
KS2 Writing	52%	79%	50%	70%
KS2 Reading	48%	73%	58%	75%
KS2 Maths	58%	79%	52%	71%

Going concern

After making appropriate enquiries, the board of directors has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the accounts.

Financial review

The majority of the academy trust's income is obtained from the Education & 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 2022 and the associated expenditure is shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2022, total resources expended of £11,512k (2021 - £10,831k) 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 £5k (2021 - £541k).

At 31 August 2022 the net book value of fixed assets was £22,036k (2021 - £22,512k) 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 academy trust.

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the Restricted Fund. This resulted in the pension fund showing an asset of £1,639k (2021 – liability of £4,639k), which has been carried forward. The pension balance is an asset this year due to changes in the assumptions made by the actuaries, Hymans Robertson, in calculating the value of the pension. Further details about the pension balances are included in note 21.

Reserves policy

The trustees review the reserve levels of the 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 trustees have determined that the appropriate level of free reserves should be equivalent to one twelfth of ongoing annual income. 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. We currently hold free reserves (being restricted general fund, excluding pension, and unrestricted funds) equal to approximately 8% of our ongoing annual income. This is in line with our reserves policy to hold 1/12th of our ongoing annual income in reserves to ensure cashflow is maintained if there is a delay in receipt of our core funding.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Investment policy

The trustees have delegated authority, through the CEO, to the chief financial officer to utilise the term deposit arrangements with Lloyds Bank in order that interest receipts are maximised in a low risk investment. Unless authorised by the trustees, 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.

The academy trust's endowment fund is in the form of an investment portfolio. The purpose of the endowment is to provide income to advance education for the benefit of the community of Bolton. The investment portfolio is structured with a primary purpose to generate income, and a secondary purpose of capital growth. The investment is Shariah compliant. The portfolio will be reviewed this academic year alongside our investment advisors, Canaccord.

Principal risks and uncertainties

The academy 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 Finance, Audit and Risk Committee oversees a programme of risk review.

A risk register is maintained which is reviewed regularly by the Finance, 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. The risk register is currently undergoing an in depth review and format overhaul, lead by the CEO.

Below is a summary of the principal risks and uncertainties faced by the academy trust at the time of writing this report:

- Health and safety/safeguarding

Trustees, 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. A Health and Safety Group is established, with responsibility for overseeing Health and Safety Compliance. The group monitors outcomes of health and safety related audits and inspections and progress against the recommendations arising from such reviews. Accidents and Near Misses are discussed and mitigating strategies and policies established as appropriate to prevent future repeats of similar incidents. The Health and Safety Group provides regular updates to the Finance, Audit and Risk Committee.

- Human resources

Recruiting and retaining high calibre staff is an ongoing challenge to any organisation. Principals, supported by the HR manager monitor this and report to the board on a regular basis. External recruiters are used to support recruitment of senior level positions in the academy trust. Staff wellbeing often goes hand in hand with staff retention. Wellbeing committees are established in each academy and are largely staff driven with a view to empowering staff.

Staff performance is measured informally throughout the year via line management arrangements. Formal appraisals take place annually, with a half year review point to review progress and support staff with meeting their targets. A solid, well planned Continuing Professional Development programme is set at each academy, at least a term in advance. Delivery of the CPD programme helps ensure staff skills remain up to date and relevant.

- Special educational needs and disability (SEND)

The SEN Code of Practice sets out what the academy trust's responsibilities are for children with special educational needs and/or disabilities. This role is delegated to local governing bodies.

- Financial management

The academy trust has considerable reliance on continued government funding through the ESFA and this level of requirement is expected to continue. This is consistent with other academy trusts. 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.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 academy 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.

- **Cyber security**

Cyber security is a risk to the organisation in terms of the personal data held. The risk could materialise in the form of a data breach, or ransom hack. The risk is mitigated through a cyber response plan, registration with the Police CyberAlarm, offline backup procedures to minimise data loss and support recovery of our data in the event of a ransom hack, and all staff are required to undertake NCSC Cyber Security Training.

Despite mitigations around reputation, the population demographics in the catchment areas of our academies is beyond our control. We are currently seeing reduced population of reception and Key Stage 1 pupils in the catchment area of our primary school, Essa Primary Academy. As the academy trust's main income stream is linked to pupil numbers, this reduction in pupil numbers on roll is having a financial impact currently, and demographic projections suggest the reduction continues for a number of years. The situation and financial impact are being monitored closely. Strategic choices will be made based on this evidence.

Fundraising

Any fundraising the academy trust undertakes for the benefit of national charities or the school fund is completely optional. This is always shared with the school community through letters and other forms of social media. The academy trust has not received any complaints relating to this fundraising over the 2021-22 period, and through to the date of this report.

The academy trust, through the governing board, has agreed only to support legally recognised charities locally and/or nationally.

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the trustees.

Plans for future periods

The board of trustees appointed a CEO for the academy trust who took up post on 1 September 2022 to further develop the trust and to raise standards and attainment.

The overall operation and control of the trust continues to be a priority. The central trust team has been strengthened and provides effective, financial and HR support for both schools, playing a key role in ensuring that EFAT is operating effectively as a multi-academy trust.

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

EFAT will provide opportunities for all learners to access high quality learning programmes through the development of a wider range of contextualised provision. EFAT continues to have a positive effect on the young people in the geographical area of Bolton and their neighbours, through the development of a family of provision, from age 4 to 16, aimed at providing outstanding education and training, within an engaged community. The needs of disadvantaged learners will be addressed to improve their engagement, aspirations and social mobility. All schools facilitate character development and children develop an understanding of their own personal identity, their role and responsibilities in the world.

We want to develop an academy trust which performs well and is seen in the system as a 'capacity giver', not a 'capacity taker'. This means we will be an academy trust which those who commission school pupil places, school expansions, and school sponsorships, have faith in. This is important not because we want to expand for the sake of it, or because we have ambitions to be a school of any specific size, but because in a future where trusts will grow and merge, we want to be in control over our destiny. We want to ensure inter-trust collaboration through an open-source and out-bound approach to sharing practices. We plan to strengthen and develop links and collaborative partnerships with external organisations which benefit our students, staff and communities across the MAT.

ESSA FOUNDATION ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

We will maintain and further develop an environment that is safe, that promotes and celebrates positive behaviour and attitudes for learning and upholds the ethos of the academy trust

Auditor

The board of trustees has confirmed that, as far as they are aware:

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

The trustees' annual report was approved by order of the board of trustees and the strategic report (included therein) was approved by the board of trustees in their capacity as company directors at a meeting on 8 December 2022 and signed on its behalf by:



Mr M C Hackett
Chair of trustees

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

Scope of responsibility

As 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the 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 CEO is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. Changes to the board membership are detailed in the trustees' report. The board of directors has formally met seven times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Directors	Meetings attended	Out of possible
Mr C Read	7	7
Mr N Whittle	4	7
Ms K Longworth	4	7
Mr M Hackett	7	7
Mr N Ford (resigned 09/12/21)	0	3
Mr I Ross	2	7
Ms L Williams	1	1

Where trustees have been absent, apologies have been received and accepted, with the exception of Iain Ross who did not attend the meetings on 25 May and 7 July and no apologies were received, and Nic Ford who did not attend the Finance, Audit and Risk Committee meeting on 26 November and no apologies were received. The minutes from that meeting note that Mr Ford was a newly appointed member of the Finance, Audit & Risk Committee at that time, and that he may have been unaware of the requirement to attend.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee (FARC) is a committee of the board of directors. The FARC's 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.

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

During the year, Matthew Hackett stepped down as chair of the committee as he took the position of chair of the board when the former board chair, Chris Read, resigned from the board in July 2022. Laura Williams, a school leadership coach and trainer working with SBLs, headteachers and CEOs, joined the trust in July 2022 as a trustee and chair of the FARC. Laura is a former COO, CFO and school business manager with CIPD and specialist CIPFA qualifications and over 15 years' experience in education leadership. Attendance at meetings in the year was as follows:

Board members	Meetings attended	Out of possible
Ms K Longworth	2	3
Mr N Whittle	2	3
Mr M Hackett	3	3
Mr N Ford (resigned 09.12.21)	0	1
Ms L Williams (appointed 07.07.22)	0	0

Conflicts of interest

Conflicts of interest are managed via completion of annual declaration of business and pecuniary interest forms by all trustees and local governing body members. Further there is a standard item at the commencement of every board, governing body, and committee meeting for any interests in items on the agenda to be declared. The trust does not currently engage in any related party transactions, other than with the wholly owned subsidiary.

Governance reviews

Governance arrangements were reviewed by the CEO in post during the academic year. At the end of the academic year, the chair of the board stepped down from their post and role as trustee. The chair of the Finance, Audit and Risk Committee took over the role of board chair. A new trustee was recruited to fill the role of the chair of Finance, Audit and Risk Committee. The skills audit undertaken this year has also been used to inform recruitment of further trustees to strengthen the trust's board. This recruitment exercise is ongoing.

Review of value for money

As accounting officer, the CEO has responsibility for ensuring that the academy 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 taxpayer resources received.

The accounting officer considers how the academy 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, including the use of benchmarking data where appropriate.

Value for money has been delivered during the year by renewing our printing fleet across the academy trust. The new lease consolidates into one contract all of our leased printing assets. Consideration was given to the energy efficiency of the equipment as part of the decision making on which equipment to lease. The cost per copy charges are also much more competitive under our new contract.

We have reviewed our telephone contracts during the year. Across the academy trust we have replaced traditional landlines with more cost-effective online telephone services. In 2022-23 we are reviewing our mobile phone contracts as the majority of these are due to expire.

Finally, we have outsourced the day to day management of our Sports Centre lettings (undertaken through Essa Education Limited, our subsidiary). This outsourcing has the primary goal of reducing management time invested in this activity, allowing trust leaders to focus more fully on the teaching and learning of students within the academy trust. This arrangement commenced from 20 September 2022.

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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the trust for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy 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 trustees and also monitored by individual local governing bodies.
- Regular reviews by the Finance, Audit and Risk Committee and board of trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

The board of trustees has decided to appoint Wylie & Bisset LLP as the independent internal auditor.

The internal auditor's role is to provide independent assurance that the academy trust's risk management, governance and internal control processes are operating effectively. The internal auditor 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 Finance, 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 Finance, Audit and Risk Committee establishes an annual internal audit work programme each year. During the year the internal auditor reviewed:

- Anti-Fraud policies and procedures
- Safeguarding arrangements
- Procurement processes

No significant control weaknesses were identified.

On an annual basis the internal auditor reports to the board of trustees, through the Finance, Audit and Risk Committee on the operating of the system of control and on the discharge of the board of trustees' financial responsibilities. On an annual basis, the internal auditor prepares a summary report to the committee outlining the areas reviewed and key findings, recommendations and conclusions to help the committee to consider actions and assess year on year progress.

Further, the Finance, 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.

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

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Review of effectiveness

The 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 internal auditor;
- the school resource management self-assessment tool;
- the work of the Finance, Audit and Risk Committee;
- the work of the external auditor; and
- the work of the executive managers within the multi-academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Risk Committee and a plan to address continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8 December 2022 and signed on its behalf by:



Mr M C Hackett
Chair of trustees



Ms A Casey
Chief executive officer and accounting officer

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2022

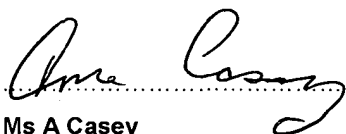
As accounting officer of Essa Foundation Academies Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2021.

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

Non-financial issues

Paragraph 2.18 of the Academy Trust Handbook 2021 requires that the academy trust must prepare management accounts every month and paragraph 2.19 requires that these accounts are shared with the chair of the board of trustees every month. The academy trust did not prepare management accounts and share these with the chair of the board of trustees for the months September 2021 to December 2021. This was due to the chief financial officer (CFO) leaving the academy trust in early November 2021 and the replacement CFO joining the academy trust in February 2022. Since February 2022, management accounts have been prepared on a monthly basis in line with the requirements of the Academy Trust Handbook 2021.



Ms A Casey
Accounting officer

8 December 2022

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who are also the directors of Essa Foundation Academies Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2021 to 2022 published 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 trustees to prepare accounts for each financial year. Under company law, the 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- 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 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 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 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 trustees on 08 December 2022 and signed on its behalf by:



Mr M C Hackett
Chair of trustees

ESSA FOUNDATION ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2022

Opinion

We have audited the accounts of Essa Foundation Academies Trust for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including 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 2019 and the Academies Accounts Direction 2021 to 2022 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 2022 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 2019 and the Academies Accounts Direction 2021 to 2022.

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the accounts themselves. 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)

FOR THE YEAR ENDED 31 AUGUST 2022

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has 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 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 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 trustees

As explained more fully in the statement of trustees' responsibilities, the 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 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 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 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 accounts

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group's or the parent charitable company's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ESSA FOUNDATION ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2022

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Identify and test journal entries, in particular any journal entries posting with unusual account combinations.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Use of our report

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



Candice Beynon FCCA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants
Statutory Auditor

Bridge House
Ashley Road
Hale
Altrincham
WA14 2UT

Date: 8/12/22

ESSA FOUNDATION ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 2 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 dated 1 September 2018 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

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)

FOR THE YEAR ENDED 31 AUGUST 2022

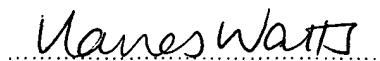
The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Paragraph 2.18 of the Academy Trust Handbook 2021 requires that the academy trust must prepare management accounts every month and paragraph 2.19 requires that these accounts are shared with the chair of the board of trustees every month. The academy trust did not prepare management accounts and share these with the chair of the board of trustees for the months September 2021 to December 2021. This was due to the chief financial officer (CFO) leaving the academy trust in early November 2021 and the replacement CFO joining the academy trust in February 2022. Since February 2022, management accounts have been prepared on a monthly basis in line with the requirements of the Academy Trust Handbook 2021.



Haines Watts
Reporting Accountant

Date: 8/12/22

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Endowment funds £(000)	Total 2022 £(000)	Total 2021 £(000)
Income and endowments from:							
Donations and capital grants	3	43	3	30	-	76	1,027
Charitable activities:							
- Funding for educational operations	4	-	10,292	-	-	10,292	9,208
Other trading activities	5	319	21	-	-	340	283
Investments	6	20	-	-	-	20	26
Total		382	10,316	30	-	10,728	10,544
Expenditure on:							
Charitable activities:							
- Educational operations	9	330	10,377	805	-	11,512	10,831
Total	7	330	10,377	805	-	11,512	10,831
Gains on endowment investments		-	-	-	38	38	44
Net income/(expenditure)		52	(61)	(775)	38	(746)	(243)
Transfers between funds	19	-	(298)	298	-	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	21	-	7,217	-	-	7,217	(985)
Net movement in funds		52	6,858	(477)	38	6,471	(1,228)
Reconciliation of funds							
Total funds brought forward		230	(4,693)	22,513	413	18,463	19,691
Total funds carried forward		282	2,165	22,036	451	24,934	18,463

ESSA FOUNDATION ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2022

		2022	2021
	Notes	£(000)	£(000)
Fixed assets			
Intangible assets	13	-	1
Tangible assets	14	22,036	22,512
Investments	15	451	413
		<u>22,487</u>	<u>22,926</u>
Current assets			
Debtors	16	520	461
Cash at bank and in hand		1,020	405
		<u>1,540</u>	<u>866</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(732)	(636)
Net current assets		<u>808</u>	<u>230</u>
Net assets excluding pension liability		<u>23,295</u>	<u>23,156</u>
Defined benefit pension scheme asset/ (liability)	21	1,639	(4,693)
Total net assets		<u>24,934</u>	<u>18,463</u>
Funds of the academy trust:			
Restricted funds	19		
- Fixed asset funds		22,036	22,513
- Restricted income funds		526	-
- Pension reserve		1,639	(4,693)
- Endowment funds		451	413
Total restricted funds		<u>24,652</u>	<u>18,233</u>
Unrestricted income funds	19	<u>282</u>	<u>230</u>
Total funds		<u>24,934</u>	<u>18,463</u>

The accounts were approved by the trustees and authorised for issue on 8 December 2022 and are signed on their behalf by:



Mr M C Hackett
Chair of trustees

Company registration number 06731593

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £(000)	2021 £(000)
Cash flows from operating activities			
Net cash provided by operating activities	22	892	100
Cash flows from investing activities			
Dividends, interest and rents from investments		20	26
Capital grants from DfE Group		30	891
Capital funding received from sponsors and others		-	53
Purchase of tangible fixed assets		(327)	(1,284)
Proceeds from sale of tangible fixed assets		-	6
Net cash used in investing activities		(277)	(308)
Net increase/(decrease) in cash and cash equivalents in the reporting period		615	(208)
Cash and cash equivalents at beginning of the year		405	613
Cash and cash equivalents at end of the year		1,020	405

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Essa Foundation Academies Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The 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 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 exemption not to prepare group accounts, as the subsidiary company is immaterial to the group, as per the Charities SORP (FRS 102), line 24.13A and the Academies Accounts Direction 2021 to 2022, paragraph 3.108.

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

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.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Other income

Other 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 accounts 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.

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. This includes redundancy and severance payments.

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.6 Intangible fixed assets and amortisation

Intangible assets costing £5,000 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

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.7 Tangible fixed assets and depreciation

Assets costing £5,000 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:

Long leasehold land	0.8% straight line
Long leasehold buildings	2% straight line
Computer equipment	25% straight line
Fixtures, fittings & equipment	12.5% - 33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.8 Liabilities

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

1.9 Leased assets

Rentals payable under operating leases are charged 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.

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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Financial assets

The Trust holds an investment portfolio made up of listed shares. The portfolio is held at market value and accounted for at fair value through the statement of financial activities.

Trade and other debtors, including amounts recoverable from HMRC, are basic financial instruments and are debt instruments measured at amortised cost. Prepayments and accrued income are not financial instruments. Amounts owed by the charity's wholly owned subsidiary are held at face value less any impairment.

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. Amounts due to the charity's wholly owned subsidiary are held at face value less impairment.

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.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 net income or expenditure 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.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

The purpose of the endowment is to provide income to advance education for the benefit of the community of Bolton.

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 21, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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)	Total 2022 £(000)	Total 2021 £(000)
Maternity Insurance Reimbursement	33	-	33	72
Capital grants	-	30	30	944
Other donations	10	3	13	11
	<u>43</u>	<u>33</u>	<u>76</u>	<u>1,027</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

4 Funding for the academy trust's charitable activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2022 £(000)	Total 2021 £(000)
DfE/ESFA grants				
General annual grant (GAG)	-	8,760	8,760	7,614
Other DfE/ESFA grants:				
- UIFSM	-	50	50	99
- Pupil premium	-	595	595	581
- Teachers pay grant	-	-	-	88
- Teachers pension grant	-	-	-	247
- Others	-	377	377	135
	<u>-</u>	<u>9,782</u>	<u>9,782</u>	<u>8,764</u>
Other government grants				
Local authority grants	<u>-</u>	<u>476</u>	<u>476</u>	<u>318</u>
COVID-19 additional funding				
DfE/ESFA				
Other DfE/ESFA COVID-19 funding	<u>-</u>	<u>34</u>	<u>34</u>	<u>126</u>
Total funding	<u>-</u>	<u>10,292</u>	<u>10,292</u>	<u>9,208</u>

The academy trust received £476,000 (2021: £318,000) from the local authority in the year, being £185,000 high needs funding, £111,000 growth funding and £180,000 of other government grants.

The academy trust received £nil (2021: £116,000) of funding for COVID-19 catch-up premium and £34,000 of other COVID-19 funding (2021: £126,000) relating to mass testing and vaccination funding. Costs incurred in respect of this funding totalled £34,000 (2021: £126,000).

The COVID-19 catch-up premium for the year ended 31 August 2021 is included within the other DfE/ESFA grants for that year. In the year ended 31 August 2022 the Trust received £82,000 of recovery premium and this is included within the DfE/ESFA grants.

There were no unfulfilled conditions or other contingencies relating to grants in the year.

5 Other trading activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2022 £(000)	Total 2021 £(000)
Catering income	230	-	230	149
Trip income	-	21	21	-
Other income	89	-	89	134
	<u>319</u>	<u>21</u>	<u>340</u>	<u>283</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

6 Investment income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2022 £(000)	Total 2021 £(000)
Other investment income	20	-	20	26

7 Expenditure

	Staff costs £(000)	Non-pay expenditure Premises £(000)	Other £(000)	Total 2022 £(000)	Total 2021 £(000)
Academy's educational operations					
- Direct costs	5,913	729	579	7,221	7,052
- Allocated support costs	2,741	608	942	4,291	3,779
	8,654	1,337	1,521	11,512	10,831

Net income/(expenditure) for the year includes:

	2022 £(000)	2021 £(000)
Fees payable to auditor for:		
- Audit	13	13
- Other services	2	7
Operating lease rentals	47	68
Depreciation of tangible fixed assets	750	722
Amortisation of intangible fixed assets	1	9
Loss/(gain) on disposal of fixed assets	53	(6)
Net interest on defined benefit pension liability	84	57

8 Central services

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

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

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

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

8 Central services

(Continued)

The amounts charged during the year were as follows:

	2022 £(000)	2021 £(000)
Essa Academy	300	303
Essa Primary	92	85
Central Services	-	-
	<u>392</u>	<u>388</u>

9 Charitable activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2022 £(000)	Total 2021 £(000)
Direct costs				
Educational operations	-	7,221	7,221	7,052
Support costs				
Educational operations	330	3,961	4,291	3,779
	<u>330</u>	<u>11,182</u>	<u>11,512</u>	<u>10,831</u>

Analysis of costs

	2022 £(000)	2021 £(000)
Direct costs		
Teaching and educational support staff costs	5,930	5,833
Staff development	56	50
Depreciation and amortisation	729	658
Educational supplies and services	250	417
Examination fees	79	83
Educational consultancy	49	5
Other direct costs	128	6
	<u>7,221</u>	<u>7,052</u>
Support costs		
Support staff costs	2,761	2,249
Depreciation and amortisation	76	67
Technology costs	153	211
Recruitment and support	-	9
Maintenance of premises and equipment	186	229
Cleaning	29	33
Energy costs	162	138
Rent, rates and other occupancy costs	74	71
Insurance	81	70
Catering	330	274
Interest on defined benefit pension scheme	84	57
Other support costs	335	351
Governance costs	20	20
	<u>4,291</u>	<u>3,779</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Staff

Staff costs

Staff costs during the year were:

	2022 £(000)	2021 £(000)
Wages and salaries	5,757	5,700
Social security costs	581	553
Pension costs	1,941	1,648
Staff costs - employees	8,279	7,901
Agency staff costs	324	172
Staff restructuring costs	51	9
	8,654	8,082
Staff development and other staff costs	93	50
Total staff expenditure	8,747	8,132
Staff restructuring costs comprise:		
Redundancy payments	30	-
Severance payments	21	9
	51	9

Severance payments

The academy trust paid 6 severance payments in the year, disclosed in the following bands:

0 - £25,000 6

Special staff severance payments

Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements. Included in staff restructuring costs are special severance payments totalling £20,817 (2021: £nil). Individually, the payments were: £1,663, £2,648, £4,197 & £12,309.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Staff

(Continued)

Staff numbers

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

	2022 Number	2021 Number
Teachers	89	97
Administration and support	129	117
Management	7	6
	<u>225</u>	<u>220</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2022 Number	2021 Number
Teachers	86	91
Administration and support	82	79
Management	7	5
	<u>175</u>	<u>175</u>

Higher paid staff

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

	2022 Number	2021 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£120,001 - £130,000	1	1
	<u>3</u>	<u>3</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £426,000 (2021: £483,000).

11 Trustees' remuneration and expenses

None of the trustees have been paid remuneration or have received other benefits from an employment with the academy trust.

During the year, travel and subsistence payments totalling £nil (2021: £nil) were reimbursed or paid directly to trustees.

Other related party transactions involving the 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 2022

12 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

13 Intangible fixed assets

	Computer software £(000)
Cost	
At 1 September 2021 and at 31 August 2022	74
Amortisation	
At 1 September 2021	73
Charge for year	1
At 31 August 2022	74
Carrying amount	
At 31 August 2022	-
At 31 August 2021	1

14 Tangible fixed assets

	Leasehold land and buildings £(000)	Assets under construction £(000)	Computer equipment £(000)	Fixtures, fittings & equipment £(000)	Total £(000)
Cost					
At 1 September 2021	25,397	-	1,536	650	27,583
Transfer	(53)	53	-	-	-
Additions	9	207	105	6	327
Disposals	-	-	(53)	-	(53)
At 31 August 2022	25,353	260	1,588	656	27,857
Depreciation					
At 1 September 2021	3,537	-	1,106	428	5,071
Charge for the year	507	-	186	57	750
At 31 August 2022	4,044	-	1,292	485	5,821
Net book value					
At 31 August 2022	21,309	260	296	171	22,036
At 31 August 2021	21,860	-	430	222	22,512

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

14 Tangible fixed assets (Continued)

The net book value of land and buildings comprises:

	2022 £(000)	2021 £(000)
Long leaseholds (over 50 years)	21,309	21,860

15 Fixed asset investments

	2022 £(000)	2021 £(000)
Market value		
At 1 September 2021	-	369
Reclassify from current assets	413	-
Change in value in the year	38	44
At 31 August 2022	451	413

The academy owns 100% of the ordinary share capital of Essa Education Limited (Company number:07644762); a company incorporated in England & Wales. The shares are held at their cost of £1.

Essa Education Limited primarily provides leisure facilities to the public. As at the date of signing these accounts, the Essa Education Limited results for the year to 31 August 2022 had not been finalised.

The academy trust does not prepare group financial statements for the year ended 31 August 2022 because the consolidation of the subsidiary is not material for the purposes of giving a true and fair view in of the group. This exclusion of the subsidiary from consolidation is in line with 3.108 of the latest Academies Accounts Direction.

Except for the investment in Essa Education Limited, the fixed asset investments consist entirely of shares in UK listed companies and are stated at their market valuation at the year end date.

In previous years these investments in UK Listed companies had been treated as a current investment because the Trust intends to retain them for the long term.

16 Debtors

	2022 £(000)	2021 £(000)
Trade debtors	76	9
Amounts owed by group undertakings	94	14
VAT recoverable	58	58
Other debtors	-	233
Prepayments and accrued income	292	147
	520	461

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Creditors: amounts falling due within one year

	2022 £(000)	2021 £(000)
Trade creditors	196	146
ESFA creditors	4	-
Other creditors	277	278
Accruals and deferred income	255	212
	<u>728</u>	<u>636</u>

18 Deferred income

	2022 £(000)	2021 £(000)
Deferred income is included within:		
Creditors due within one year	<u>95</u>	<u>61</u>
Deferred income at 1 September 2021	61	96
Released from previous years	(61)	(96)
Resources deferred in the year	<u>95</u>	<u>61</u>
Deferred income at 31 August 2022	<u>95</u>	<u>61</u>

Deferred income as at 31 August 2022 is in relation to growth funding £65,000 and universal infant free school meals £30,000.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Funds

	Balance at 1 September 2021 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2022 £(000)
Restricted general funds					
General Annual Grant (GAG)	-	8,760	(7,943)	(298)	519
UIFSM	-	50	(50)	-	-
Pupil premium	-	595	(595)	-	-
Other DfE/ESFA COVID-19 funding	-	34	(34)	-	-
Other DfE/ESFA grants	-	381	(370)	-	7
Other government grants	-	476	(476)	-	-
Other restricted funds	-	24	(24)	-	-
Pension reserve	(4,693)	-	(885)	7,217	1,639
	<u>(4,693)</u>	<u>10,316</u>	<u>(10,377)</u>	<u>6,919</u>	<u>2,165</u>
Restricted fixed asset funds					
Inherited on conversion	21,032	-	(500)	-	20,532
DfE group capital grants	769	30	(240)	-	559
Capital expenditure from GAG	712	-	(65)	298	945
	<u>22,513</u>	<u>30</u>	<u>(805)</u>	<u>298</u>	<u>22,036</u>
Restricted endowment fund	<u>413</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>451</u>
Total restricted funds	<u>18,233</u>	<u>10,350</u>	<u>(11,182)</u>	<u>7,255</u>	<u>24,656</u>
Unrestricted funds					
General funds	<u>230</u>	<u>382</u>	<u>(330)</u>	<u>-</u>	<u>282</u>
Total funds	<u>18,463</u>	<u>10,728</u>	<u>(11,512)</u>	<u>7,255</u>	<u>24,934</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Funds

(Continued)

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

£297,000 has been transferred from GAG restricted general funds to the restricted fixed asset fund to cover costs of capital additions in the year for which capital funding was not received.

Unrestricted funds are those funds to which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

Endowment funds are those funds related to monies received from the sponsor for investment according to their wishes.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

The pension value as at 31 August 2022 has been determined by the actuary which is now showing the secondary academy as having a pension asset of £1,724,000 and primary academy as having a pension liability of £84,000. This results in the academy trust's consolidated position showing a pension asset and pension fund surplus. In accordance with applicable accounting standards, the asset value has been deemed to be recognisable on the basis that the academy trust has expectations of reduced future employer contributions at some point during the life of the plan. Although a pension asset is arising, this does not create an immediately realisable asset that can be expended for the specific purposes of the pension fund.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2020 £(000)	Income £(000)	Expenditure £(000)	Gains, losses and transfers £(000)	Balance at 31 August 2021 £(000)
Restricted general funds					
General Annual Grant (GAG)	-	7,614	(7,611)	(3)	-
UIFSM	-	99	(99)	-	-
Pupil premium	-	581	(581)	-	-
Other DfE/ESFA COVID-19 funding	-	126	(126)	-	-
Other DfE/ESFA grants	-	218	(218)	-	-
Other government grants	-	318	(318)	-	-
Teachers pay grant	-	88	(88)	-	-
Teachers pension grant	-	247	(247)	-	-
Pension reserve	(3,164)	-	(544)	(985)	(4,693)
	<u>(3,164)</u>	<u>9,291</u>	<u>(9,832)</u>	<u>(988)</u>	<u>(4,693)</u>
Restricted fixed asset funds					
Inherited on conversion	21,532	-	(500)	-	21,032
DfE group capital grants	-	944	(175)	-	769
Capital expenditure from GAG	427	-	(50)	335	712
	<u>21,959</u>	<u>944</u>	<u>(725)</u>	<u>335</u>	<u>22,513</u>
Restricted endowment fund	<u>369</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>413</u>
Total restricted funds	<u>19,164</u>	<u>10,235</u>	<u>(10,557)</u>	<u>(609)</u>	<u>18,233</u>
Unrestricted funds					
General funds	<u>527</u>	<u>309</u>	<u>(274)</u>	<u>(332)</u>	<u>230</u>
Total funds	<u>19,691</u>	<u>10,544</u>	<u>(10,831)</u>	<u>(941)</u>	<u>18,463</u>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Funds (Continued)

Total funds analysis by academy

	2022 £(000)	2021 £(000)
Fund balances at 31 August 2022 were allocated as follows:		
Essa Academy	1,081	579
Essa Primary	195	64
Central Services	(17)	-
Total before fixed assets fund and pension reserve	1,259	643
Restricted fixed asset fund	22,036	22,513
Pension reserve	1,639	(4,693)
Total funds	24,934	18,463

Total cost analysis by academy

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

	Teaching and educational support staff £(000)	Other support staff costs £(000)	Educational supplies £(000)	Other costs excluding depreciation £(000)	Total 2022 £(000)	Total 2021 £(000)
Essa Academy	4,367	1,891	383	1,072	7,713	7,285
Essa Primary	1,531	633	115	305	2,584	2,433
Central Services	88	237	7	77	409	388
	5,986	2,761	505	1,454	10,706	10,106

20 Analysis of net assets between funds

	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Endowment Funds £(000)	Total Funds £(000)
Fund balances at 31 August 2022 are represented by:					
Tangible fixed assets	-	-	22,036	-	22,036
Fixed asset investments	-	-	-	451	451
Current assets	282	1,258	-	-	1,540
Current liabilities	-	(732)	-	-	(732)
Pension scheme asset	-	1,639	-	-	1,639
Total net assets	282	2,165	22,036	451	24,934

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

20 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £(000)	General £(000)	Restricted funds: Fixed asset £(000)	Endowment Funds £(000)	Total Funds £(000)
Fund balances at 31 August 2021 are represented by:					
Intangible fixed assets	-	-	1	-	1
Tangible fixed assets	-	-	22,512	-	22,512
Fixed asset investments	-	-	-	413	413
Current assets	866	-	-	-	866
Current liabilities	(636)	-	-	-	(636)
Pension scheme liability	-	(4,693)	-	-	(4,693)
Total net assets	230	(4,693)	22,513	413	18,463

21 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £129,000 (2021: £130,000) were payable to the schemes at 31 August 2022 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

21 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million.
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £795,000 (2021: £846,000).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

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 17% for employers and 5.5% - 12.5% for employees. The estimated value of employer's contributions for the period to 31 August 2023 will be approximately £334,000.

Parliament has agreed, at the request of the Secretary of State for Education, to 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	2022 £(000)	2021 £(000)
Employer's contributions	338	315
Employees' contributions	109	102
	<hr/>	<hr/>
Total contributions	447	417
	<hr/>	<hr/>
Principal actuarial assumptions	2022 %	2021 %
Rate of increase in salaries	3.80	3.65
Rate of increase for pensions in payment/inflation	3.05	2.90
Discount rate for scheme liabilities	4.25	1.65
	<hr/>	<hr/>

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

21 Pension and similar obligations

(Continued)

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

	2022 Years	2021 Years
Retiring today		
- Males	20.3	20.5
- Females	23.2	23.3
Retiring in 20 years		
- Males	21.6	21.9
- Females	25.1	25.3

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

Sensitivity analysis

Changes in assumptions at 31 August 2022	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3% - 4%	26 - 178
0.1% increase in the Pension Increase Rate	2% - 3%	25 - 169
0.1% increase in the Salary Increase Rate	0%	1 - 10
1 year increase in member life expectancy	4%	28 - 283

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

	2022 Fair value £(000)	2021 Fair value £(000)
Equities	6,494	6,335
Bonds	1,318	1,339
Cash	753	625
Property	847	624
Total market value of assets	9,412	8,923

The actual return on scheme assets was £121,000 (2021: £1,447,000).

Amount recognised in the statement of financial activities

	2022 £(000)	2021 £(000)
Current service cost	1,139	802
Interest income	(150)	(125)
Interest cost	234	182
Total operating charge	1,223	859

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

21 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2022 £(000)	2021 £(000)
At 1 September 2021	13,616	10,295
Current service cost	1,139	802
Interest cost	234	182
Employee contributions	109	102
Actuarial (gain)/loss	(7,246)	2,307
Benefits paid	(79)	(72)
At 31 August 2022	7,773	13,616
Changes in the fair value of the academy trust's share of scheme assets	2022 £(000)	2021 £(000)
At 1 September 2021	8,923	7,131
Interest income	150	125
Actuarial loss/(gain)	(29)	1,322
Employer contributions	338	315
Employee contributions	109	102
Benefits paid	(79)	(72)
At 31 August 2022	9,412	8,923

The pension value as at 31 August 2022 has been determined by the actuary which is now showing the secondary academy as having a pension asset of £1,724,000 and primary academy as having a pension liability of £84,000. This results in the academy trust's consolidated position showing a pension asset and pension fund surplus. In accordance with applicable accounting standards, the asset value has been deemed to be recognisable on the basis that the academy trust has expectations of reduced future employer contributions at some point during the life of the plan. Although a pension asset is arising, this does not create an immediately realisable asset that can be expended for the specific purposes of the pension fund.

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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

	Notes	2022 £(000)	2021 £(000)
Net expenditure for the reporting period (as per the statement of financial activities)		(784)	(287)
Adjusted for:			
Capital grants from DfE and other capital income		(30)	(944)
Investment income receivable	6	(20)	(26)
Defined benefit pension costs less contributions payable	21	801	487
Defined benefit pension scheme finance cost	21	84	57
Depreciation of tangible fixed assets		751	722
Amortisation of intangible fixed assets	13	1	9
(Loss)/profit on disposal of fixed assets		53	(6)
(Increase) in debtors		(59)	(16)
Increase in creditors		95	104
Net cash provided by operating activities		892	100

23 Analysis of changes in net funds

	1 September 2021 £(000)	Cash flows £(000)	31 August 2022 £(000)
Cash	405	615	1,020

24 Long-term commitments

Operating leases

At 31 August 2022 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £(000)	2021 £(000)
Amounts due within one year	98	45
Amounts due in two and five years	207	41
	305	86

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

25 Capital commitments

	2022 £(000)	2021 £(000)
Expenditure contracted for but not provided in the accounts	2,536	1,920

Capital commitments at 31 August 2022 relate to committed expenditure in respect of the building expansion project at the Secondary School. The local authority have committed to funding this build.

26 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

During the year the academy trust made recharges of £133,186 (2021: £nil) to Essa Education Limited, a wholly owned subsidiary. At the balance sheet date, Essa Education Limited owed £104,376 (2021: £13,878) to the academy trust.

The academy trust received a donation of £10,000 from the family of Y Patel, a member of the academy trust.

The academy trust has complied with the requirements of the Academy Trust Handbook.

27 Members' liability

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

ESSA FOUNDATION ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

28 Statement of financial activities - comparative year information

Year ended 31 August 2021

	Unrestricted funds £(000)	Restricted funds:		Endowment funds £(000)	Total 2021 £(000)
		General £(000)	Fixed asset £(000)		
Income and endowments from:					
Donations and capital grants	-	83	944	-	1,027
Charitable activities:					
- Funding for educational operations	-	9,208	-	-	9,208
Other trading activities	283	-	-	-	283
Investments	26	-	-	-	26
Total	309	9,291	944	-	10,544
Expenditure on:					
Charitable activities:					
- Educational operations	274	9,832	725	-	10,831
Total	274	9,832	725	-	10,831
Gains on endowment investments	-	-	-	44	44
Net income/(expenditure)	35	(547)	219	44	(243)
Transfers between funds	(332)	(3)	335	-	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	-	(985)	-	-	(985)
	(297)	(1,529)	554	44	(1,228)