Company Registration No. 06731593 (England and Wales)

ESSA FOUNDATION ACADEMIES TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

Haines Watts

Chartered Accountants
Bridge House
157 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 A Patel
Mr Y Patel
Mr A Umarji
Mr I Bobat
Mr A Collins – resigned 18 March 2019

Directors:

Non-Executive Directors:
Ms K Longworth
Mr A Collins – resigned 18 March 2019
Mr A Patel – Chair of governors – resigned 27 November 2018
Mr N Whittle
Mr C Read – Chair of governors - appointed 27 November 2018
Mr C Adegoroye – resigned 7 December 2018
Dr M Sharif Salim
Ms E Reynard
Ms L Fathers
Ms N Blatchley-Lewis – appointed 7 December 2018
Mr M Hackett – appointed 5 July 2019
Mr N Ford – appointed 7 December 2018

Executive Director:
Mr A Cooper

Governors:

Essa Academy:
Sponsor Governors:
Mr I Kala – resigned 31 May 2019
Mr N Ford – Chair of governors
Mr P Davidson
Mr F Atcha
Mrs L Lees – resigned 13 November 2018
Mr Masud Kala
Mrs J Pilkington – resigned 11 September 2018
Mrs F Harris – appointed 18 June 2019
Mr I Wadeson – appointed 22 March 2019
Mr W Raja – appointed

Parent Governor:
Ms N Arshad – resigned 31 August 2019

Staff Governor:
Mr J Turner

ESSA FOUNDATION ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Essa Primary Academy:
Sponsor Governors:
Mr N Whittle – Chair
Ms S Patel
Mr I Kala – resigned 31 May 2019
Ms E Cathcart – resigned 15 August 2019
Mr M Barnes – appointed 31 January 2019
Mrs F Harris – appointed 23 January 2019, resigned 25 September 2019

Co-opted Governors:
Mr P Jackson
Ms T Patel

Parent Governors:
Mr Muhammed Mogradia – appointed 30 January 2019
Ms A Patel

Staff Governor:
Mr R Kinch – resigned 31 August 2019

Leadership and Management Team:
Mr A Cooper – Chief Executive Officer and Accounting Officer
Mr D Howarth – Chief Financial Officer – Resigned 19 April 2019
Mr A Sahi – Chief Financial Officer – Appointed 12 June 2019
Ms M Stansfield - HR Director – Resigned 21 December 2018
Mr M Knowles - Principal Essa Academy
Ms J Atherton - Principal Essa Primary Academy

Company registration number	06731593 (England and Wales)
Principal and Registered office	Lever Edge Lane Bolton Lancs BL3 3HH
Independent auditor	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 2019

The directors/trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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

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

Structure, governance and management

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

The trust's articles of association and funding agreement with the Secretary of State for Education set out the trust's purpose and how it will operate.

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

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.

Operational leadership and management of the trust and of individual academies
The management team director (CEO) is the executive director of the trust, the accounting officer and a member of the board of directors. Academy principals are governors of their respective local governing body.

The management team director (CEO) is responsible for the overall operation and control of the trust and principals are responsible for the internal organisation, management, and control of their particular academy. Each principal also has trust-wide responsibilities as determined by the board of directors.

The local governing body delegates some of its responsibilities to the principal. The principal is responsible for the day-to-day leadership, management and control of the academy and for the achievement of all key performance indicators and/or targets within the remit of the local governing body.

Scheme of delegation
The separate and collective responsibilities, the decision making process, and the actions to be taken by individuals, local governing bodies, and the board of directors, for all the key strategic and operational functions of the trust are set out in the remit and terms of reference of the board of directors and its standing and ad-hoc committees, in the remit and terms of reference of local governing bodies and its ad-hoc working groups, and in the overall scheme of delegation.

Method of recruitment and appointment or election of directors/trustees
The chair will make a recommendation, for or against, a prospective academy director/committee member appointment to the board, or committee as appropriate. The board of directors approves all appointments and arranges induction.

Procedure for recruiting and appointing/electing chairs of local governing bodies (LGBs) as academy directors:

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

The chairs of LGBs of the first 2 EFAT academies will be appointed as academy directors.

Thereafter, if there are more than 2 academies in the trust and a vacancy has arisen for an academy director who is a chair of an LGB the process of election of these academy directors will be as follows:

- The clerk will notify the board, at each meeting, of academy director vacancies, and upcoming ends of terms of office.

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

- the chair is not already a serving academy director; and
- the chair is an academy director seeking re-election/re-appointment on completion of a term of office.
- The clerk will organise a secret ballot with each chair having a single vote.

Local governing bodies (LGBs):

The board determines the composition of LGBs:

- Sponsor governors – majority - at least 5 - appointed by the board of directors.
- Parent governors - 2 for Essa Academy; up to 4 for Essa Primary Academy - elected by parents/appointed by the LGB.
- Staff governor - 1 - elected by staff/appointed by the LGB.
- Principal - ex officer - appointed by the board of directors.
- Co-opted governors - as required, appointed by the LGB (no voting rights).

The term of office for sponsor governors is 4 years.

Sponsor governors may be re-appointed.

All governors must be 18 or over.

Process for recruiting and appointing sponsor governors to local governing bodies:

The board of directors will routinely seek expressions of interest from appropriately skilled and experienced persons in becoming sponsor governors of the trust.

In seeking to recruit new sponsor governors the board will:

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

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 management team director (CEO) will make arrangements for the recruitment of new sponsor governors.

The chair will make a recommendation, for or against, a prospective sponsor governor appointment to the board. The board of directors approves all appointments: LGBs arrange induction.

Process for appointing parents to local governing bodies:

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

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

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

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

The LGB will formally appoint the elected parent as a parent governor.

The principal will report the outcome to all parents.

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

Process for appointing staff governors to local governing bodies:

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

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

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 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 2019 and served during the year are listed in this report. During the year under review the directors held 4 meetings and the Audit and Risk Committee held 4 meetings.

Roles and responsibilities:

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

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

Local governing bodies:

Local governing bodies are the local leaders of the trust. The board of directors has established a local governing body for each academy.

A local governing body acts as a committee of the board - its role is to exercise leadership on behalf of the trust in the running of each individual academy and to be accountable to the board of directors for the operation and performance of their academy.

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

The directors of the trust appoint the majority of governors and the chair of each local governing body. Parents elect parent governors and the staff in each academy elects staff governors. A few governors may also be directors of the trust.

Arrangements for setting pay and remuneration of key management personnel

The board of directors approves pay policies for all employees annually. The board of directors establishes a remuneration committee of 3 directors to review the performance and pay of the management team director (CEO) and a remuneration committee of 3 directors and the chair of each LGB, advised by the management team director (CEO), to review the performance and pay of principals.

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

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

The board of directors has delegated responsibility for reviewing the performance and pay of employees based in academies, other than principals, to the LGBs and principals.

The management team director (CEO) reviews the performance of senior managers in the support services team.

Non executive directors and governors, other than principals, are not remunerated. Specific disclosures concerning remuneration of senior staff is included in note 10 and 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 10 and 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
2	165.9 FTE

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% to 50%	2
51% to 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£6,134,530
Percentage of the total pay bill spent on facility time	0%

Related parties and other connected charities and organisations

Essa Foundation is the sponsor of Essa Foundation Academies Trust. Within the year, some directors of Essa Foundation Academies Trust resigned as trustees and were re-appointed as members. Essa Foundation is an educational charity set up to encourage research, development, and the introduction of best practice across schools and curriculums. Essa Education Limited is a wholly owned trading subsidiary of Essa Foundation Academies Trusts.

Objectives 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:

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.

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.

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.

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 (when the primary academy is fully open) and had a combined roll of 1,328 at 31 August 2019.

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 2019-2022

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.

A trust where:

- **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.** Because of this:
  - Teacher development is paramount. Teachers are developed so that they understand how pupils learn, the principles of effective classroom instruction, and the principles of effective curriculum design.
  - Middle and senior leaders across the trust share their thinking about the curriculum for teacher professional development.
  - Middle and senior leaders across the trust think carefully about what proficient teachers should know and be able to do, including specifically what trainee and early career teachers should know and be able to do.
  - Middle and senior leaders think carefully about how they can best understand the stage that teachers are at in developing as professionals. Middle and senior leaders know how to triangulate different sources which can help them understand how effective teachers are, and middle and senior leaders can recognise good and poor proxies for pupil learning, helping them to understand the quality of teaching they see.

- **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.**
  - The curriculum has been designed by teachers and middle leaders on the basis of what an 11-year old, or 16-year old, needs to know and be able to do in order to be successful in the next stage of their education, and has been planned backwards from this point.
  - The curriculum is broad, offering a range of subjects, experiences, and a variety of knowledge and skills to enable the development of well-rounded young people.
  - 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.

- **School leaders think carefully about the costs and benefits of different demands on teacher time, so that teachers are able to focus their effort and energy on the things most likely to help pupils do well.**
  - Teachers and leaders understand the difference between summative and formative assessment, and understand the correct contexts in which to use both.
  - Leaders are aware of why internally marked pupil assessment is not wholly valid or reliable, understand where this data can be useful, and understand how to balance this with teacher workload.

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.

A trust where:

- **We hold reserves equal to between 10 and 15 per cent of our ongoing annual income.**

- **We have a strategic approach to approving non-budgeted capital expenditure.** This means we have a specific and different approach to:
  - Requests for spending which will and will not cause our cumulative reserves to drop below 10% over the 3 year forecast period.
  - Requests for 'investment spending' on assets which are likely to bring income which covers some or all of the initial investment over the 3 year forecast period.
  - Requests for spending which will or will not leave us uncompliant from a statutory perspective, or which are required for pupil safety reasons.

- **We exercise smart strategic planning.**
  - This means our budget includes depreciation, where we have costed out the capital expenditure we know we'll need to cover over the next 5 years because we have audited the current state of our depreciable assets.
  - This means we know what our forecast 3-5 year budget looks like if:
    - We do or don't have to bear the increased costs of the Teachers' Pension Scheme.
    - We do or don't have to bear the increased costs of incremental pay drift over the next five years, versus the 3-year trend of our average salaries remaining constant, bar an estimated 2% year-on-year increase.

- **We have a proactive approach to income generation.**

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.

A trust where:

- **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 are able to recruit to posts,** because our offer is attractive.
- **We are 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.**

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.

A trust where:

- We are respected and trusted by those in the system (local authorities and the DfE) who are in a position to authorise the trust to expand or evolve our offer.
- We have a good reputation with other local schools.
- We have an ambition to contribute to the system locally, through NLE/SLE support, or through the development of trainee teachers in SCITTs, as well as through other formal and informal structures.

Capital expenditure: ICT and estates

We want to have stewardship of a trust which acquires new depreciable assets for sound educational reasons. Historically, schools in this trust have allowed a specific ICT provider to influence our approach to both teaching and learning, and to major capital expenditure, which has left us with a culture, pedagogical approach, and an expensive suite of ICT assets, which we have been working to change. We want our trust's future approach to be governed by a strategic approach to ICT.

A trust where:

- We scrutinise the educational reasons for refreshing our ICT estate when it depreciates.
- Our acquisition of new ICT is driven by our curriculum and educational objectives, not the other way around.
- Our acquisition of non-ICT assets is driven by our curriculum and educational objectives, not the other way around.

Risk management
The trust can be held liable for decisions made by both the board of directors and local governing bodies.

The main areas of risk are:

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

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

Safeguarding - academy trusts are required to have arrangements in place, in line with statutory guidance, to ensure that they safeguard and promote the welfare of children. 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.

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

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

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

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

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 May 2017 and was judged requiring Improvement.

Results for the year 2019 include:

- 60% of students achieved a standard pass in both English and Mathematics.
- 41% of students achieved a good pass in both English and Mathematics.
- The average Attainment 8 score achieved by all students was 44.17
- The percentage of students achieving a grade 9-4 in English at GCSE was 76%
- The percentage of students achieving a grade 9-5 in English at GCSE was 54%
- The percentage of students achieving a grade 9-4 in Mathematics at GCSE was 64%.
- The percentage of students achieving a grade 9-5 in Mathematics at GCSE was 46%.
- The Academy's Progress 8 score was +0.22, which is above the National Average.
- The Academy's Progress 8 score for English was +0.23, which is above the National Average.
- The Academy's Progress 8 score for Maths was +0.26, which is above the National Average.

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

	2016 School	2016 National	2017 School	2017 National	2018 School	2018 National	2019 School
Attainment 8	44.7	49.3	39.1	44.2	39.0	46.4	44.17
Progress 8	-0.13	0	-0.09	0	+0.04	+0.01	+0.22
Progress English	-0.43	0	-0.14	-0.04	+0.16	-0.04	+0.23
Progress Maths	+0.06	0	-0.08	-0.02	+0.38	-0.02	+0.26
English & Maths 4+	52%	62%	49%	61%	54%	64%	60%
English & Maths 5+	-	-	31%	40%	37%	43%	41%
EBacc	16%	24%	6%	24%	15%	24%	10%

Average attendance at the end of the academic year was 94.9%. This is above the National Average

Priorities for 2019/2020

- Planning for progress
- Boys achievement
- Literacy
- Hard to reach students (attendance)
- Middle prior attaining students
- Assessment
- Pupil premium closing the gap

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.

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

Of the 58 students in Year Two in 2018/19 59% achieved at least Age Related Expectation (ARE) in reading, 50% in writing and 66% in maths.

The table above shows the academy's performance against national averages:

	2017 School	2017 National	2018 School	2018 National	2019 School	2019 National
EYFS GLD	56%	71%	56%	71%	68%	72%
Phonics screening	67% (Y1) 73% (Y2)	81% (Y1)	72% (Y1) 61% (Y2)	83% (Y1)	61% (Y1) 91% (Y2)	83% (Y1) 92% (Y2)
KS1 Writing	49%	68%	60%	70%	50%	69%
KS1 Reading	68%	76%	63%	75%	59%	75%
KS1 Maths	80%	75%	63%	76%	66%	76%
KS2 Writing					52%	79%
KS2 Reading					48%	73%
KS2 Maths					58%	79%

* KS2 progress scores are within the top 25% of the country for reading and writing with reading +2.4%, writing +2.3% and maths in the top 5% of the country at +6.6%

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

Ensure that the quality of teaching is at least good and has greater impact on raising pupils' outcomes by:

- Challenging the most able pupils to produce higher-quality work.
- Increasing, in mathematics, the focus on pupils solving problems, and developing their reasoning skills and mathematical understanding.
- Making sure that adults have good subject knowledge and accurate spoken language
- Reduce pupils' absence, particularly that of those who have special educational needs and/or disabilities.
- Reduce the gender gap across subjects (KS1 girl focus, KS2 boy focus).

Ensure the intention of the curriculum is clear and defined in all subject areas and increase the impact of the curriculum on pupils' learning and attainment, particularly in science, history and geography, by:

- Enabling pupils to extend and use their reading and mathematical skills and knowledge in other subjects.
- Training teachers who lead subjects to have a greater impact on raising standards.
- Improving the quality of pupils' recording of science investigations.
- Improving the quality of worksheets and activities so that pupils are able to write at length, developing their subject-specific skills and understanding.
- Making sure that the work in the different subjects is challenging and extends pupils' skills, knowledge and understanding.

Going concern

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

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The majority of the trust's income is obtained from the Education & 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 2019 and the associated expenditure is shown as restricted funds in the statement of financial activities.

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

During the year ended 31 August 2019, total resources expended of £8,234k (2018 - £7,706k) did not exceed recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted endowment and fixed asset funds) was £120k (2018 - £595k expenditure over income).

At 31 August 2019 the net book value of fixed assets was £22,376k (2018 - £22,820k) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the two academies in the Trust.

Under accounting Standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the Unrestricted Fund. This resulted in the pension fund showing a deficit of £2,371k (2018 - £621k), which has been carried forward.

The trust held fund balances at 31 August 2019 of £23,709k (2018 - £23,709k). A summary is shown in the table below:

Funds	2019 £000	2018 £000
Restricted funds:		
Restricted general fund	-	-
Pension reserve	(2,371)	(621)
Endowment fund	471	703
Fixed asset fund	22,328	22,820
Total restricted funds	20,428	22,902
Unrestricted funds	855	807
Total funds	21,283	23,709

Reserves policy
The board of directors reviews the reserve levels of the multi-academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The board of directors has determined that the appropriate level of free reserves should be equivalent to 2% of GAG, approximately £126k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The multi-academy trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £855k (2018 – £807k).

Investment policy
The board of directors has delegated authority, through the management team director (CEO), to the chief financial officer to utilise the term deposit arrangements with Lloyds in order that interest receipts are maximised in a low risk investment. Unless authorised by the board of directors, term deposits will not exceed 12 months and the projected current account balance will not be allowed to fall below £150,000 at any point.

Principal risks and uncertainties
The trust has continued to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the organisation's assets and reputation. The Audit and Risk Committee oversees a termly internal audit inspection and a programme of risk review.

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

1. Government funding

The trust has considerable reliance on continued government funding through the ESFA. In 2018/19, 97.5% of the trust's recurrent revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Student numbers are the key driver of ESFA funding and every effort is made to ensure our current stable main school student numbers are protected.
- Protecting the trust from reputational damage is a key component of our risk strategy and this includes an ongoing focus on achieving outstanding performance and excellent examination results.

2. Maintain adequate funding of pension liabilities

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

3. Minimise the risk of litigation against the trust

The board of directors, local governing bodies and senior managers are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, students and other users of the trust's facilities are minimised in order to prevent reputational damage and financial loss. Adequate insurance cover remains an absolute necessity.

4. Ensure diligence in all aspects of health and safety compliance

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

5. Ensure ongoing cash solvency

The board of directors, local governing bodies and senior leaders work closely with the trust's external auditor, internal responsible officer and Audit and Risk Committee to ensure internal controls are in place to minimise the possibility of unexpected financial losses. Furthermore, scrutiny of financial information by the board of directors helps to ensure due diligence in all aspects of financial planning and budgeting, including cash management and forecasting.

Fundraising

Any fundraising the 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 trust has not received any complaints relating to this fundraising over the 2018-19 period.

The trust, through the governing board, has agreed only to support legally recognised charities locally and/or nationally. Which charities are supported is reviewed each year and a limit of charities supported is agreed for each term of the academic year. Monies raised are recorded and can be checked if requests are made.

Plans for future periods

The board of directors appointed a management team director (CEO) for the trust who took up post on 1 September 2016 to further develop the trust and to raise standards and attainment.

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

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

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

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

The directors/trustees' annual report was approved by order of the board of directors and the strategic report (included therein) was approved by the board of directors in their capacity as directors at a meeting on ...18/12/19.....and signed on its behalf by:

.....
Mr C Read
Chair of trustees

ESSA FOUNDATION ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility
As directors/trustees, we acknowledge we have overall responsibility for ensuring that Essa Foundation Academies Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of directors has delegated the day-to-day responsibility to the management team director (CEO), as accounting officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Essa Foundation Academies Trust and the Secretary of State for Education. The management team director (CEO) is also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance
The information on governance included here supplements that described in the directors'/trustees' report and in the statement of trustees' responsibilities. Changes to the board membership are detailed in the trustees report.

At Essa Foundation Academies Trust (EFAT), good governance is taken seriously.

In line with best practice, EFAT regularly reviews governance at all levels – external reviews are commissioned every three years (the most recent of these being in the 2017/18 year), with trustees continually reflecting internally on governance.

Over the last academic year:

- The trust has appointed a new chair, who has completed the DfE-funded Governance Leadership Programme run by the Confederation of School Trusts and Ambition Institute.
- Three new trustees have been inducted to increase and diversify the skills of the board, a secondary school deputy head, an EYFS specialist and a chartered management accountant.
- Trustees have explored the option of rationalising our governance structure and updating our scheme of delegation.
- Trustees have crafted a strategic vision for the trust, which aligns with both the risk register and the trust standing agenda.

The board of directors has formally met four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Directors	Meetings attended	Out of possible
Mr A Patel – Chair until 27 November 2018	0	1
Mr C Read – Chair from 27 November 2018	4	4
Mr N Whittle	4	4
Ms E Reynard	1	4
Mr A Collins – resigned 18 March 2019	1	2
Ms K Longworth	2	4
Ms L Fathers	3	4
Dr M Sharif Salim	4	4
Mr C Adegoroye – resigned 7 December 2018	0	1
Mr A Cooper	4	4
Mrs N Blatchley-Lewis – appointed 7 December 2018	0	2
Mr M Hackett – appointed 5 July 2019	1	1
Mr N Ford – appointed 7 December 2018	2	3

Audit and Risk Committee

The Audit and Risk Committee is a committee of the board of directors. Its purpose is to keep under review arrangements for checking the trust's financial controls, systems, transactions and all risks. There has been a change in membership during the year. Attendance at meetings in the year was as follows:

Board members	Meetings attended	Out of possible
Mr A Collins – resigned 18 March 2019	2	2
Ms K Longworth	1	2
Mr N Whittle	2	2
Mr M Hackett – appointed 5 July 2019	0	0
Mr C Adegoroye – resigned 7 December 2018	0	2

Review of value for money

As accounting officer, the management team director (CEO) has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the public funding received.

The accounting officer considers how the trust's use of its resources had provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where appropriate.

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

The purpose of the system of internal control

The system of internal financial and other controls is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the trust's aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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

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

Capacity to handle risk

The board of 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 2018 to 31 August 2019 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 trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors and also monitored by individual local governing bodies.
- Regular reviews by the board of directors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

The board of directors has established an Audit and Risk Committee whose terms of reference are as follows:

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

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

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

The Audit and Risk Committee establishes an annual internal audit work programme each year. During the year the internal auditor reviewed payroll processes, Pupil Premium funding and processing and procurement processes. No material control weaknesses were identified. The Audit and Risk Committee receives a regular update from the chief financial officer on progress against internal and external audit recommendations for improvements in the system of financial control.

Review of effectiveness
The management team director (CEO), as accounting officer, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the Audit and Risk Committee
- The work of the external auditor
- The work of the executive managers within the multi-academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of directors on 18/12/2019 and signed on its behalf by:

Mr C Read
Chair of trustees

Mr A Cooper
Chief executive officer and accounting officer

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Essa Foundation Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & 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 Academies Financial Handbook 2018.

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 Academies Financial Handbook 2018.

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

Financial Issues

- During the audit fieldwork it was identified that procurement procedures had not been followed in respect of the contracts obtained during the year ended 31 August 2019.

ARC

.....

Mr A Cooper
Accounting officer

Date: 18/12/2019

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 2019 published by the Education & 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 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 ..18/12/19..... and signed on its behalf by:

Mr C Read
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 2019

Opinion

We have audited the accounts of Essa Foundation Academies Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.

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

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.

Haines Watts

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 18/12/19

ESSA FOUNDATION ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 2 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Essa Foundation Academies Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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.

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

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Financial Issues

- During the audit fieldwork it was identified that procurement procedures had not been followed in respect of the contracts obtained during the year ended 31 August 2019.

Haines Watts

Haines Watts
Reporting Accountant

Date: 18/12/19

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 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Restricted funds: Fixed asset £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:							
Donations and capital grants	3	-	39	82	-	121	144
Charitable activities:							
- Funding for educational operations	4	-	7,951	-	-	7,951	7,118
Other trading activities	5	222	25	-	-	247	179
Investments	6	35	-	-	-	35	8
Total		257	8,015	82	-	8,354	7,449
Expenditure on:							
Raising funds	7	10	-	-	-	10	31
Charitable activities:							
- Educational operations	9	-	8,542	748	-	9,290	8,618
Endowment repayment and costs		-	-	-	47	47	-
Total	7	10	8,542	748	47	9,347	8,649
Net income/(expenditure)		247	(527)	(666)	(47)	(993)	(1,200)
Transfers between funds	20	(199)	162	222	(185)	-	-
Other recognised gains/(losses)							
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(1,385)	-	-	(1,385)	756
Net movement in funds		48	(1,750)	(444)	(232)	(2,378)	(444)
Reconciliation of funds							
Total funds brought forward		807	(621)	22,820	703	23,709	24,153
Total funds carried forward		855	(2,371)	22,376	471	21,331	23,709

ESSA FOUNDATION ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Restricted funds: Fixed asset £'000	Endowment Funds £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	3	-	9	106	29	144
Charitable activities:						
- Funding for educational operations	4	-	7,118	-	-	7,118
Other trading activities	5	176	3	-	-	179
Investments	6	8	-	-	-	8
Total		184	7,130	106	29	7,449
Expenditure on:						
Raising funds	7	31	-	-	-	31
Charitable activities:						
- Educational operations	9	172	7,706	740	-	8,618
Total	7	203	7,706	740	-	8,649
Net income/(expenditure)		(19)	(576)	(634)	29	(1,200)
Transfers between funds	20	(467)	165	302	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	22	-	756	-	-	756
Net movement in funds		(486)	345	(332)	29	(444)
Reconciliation of funds						
Total funds brought forward		1,293	(966)	23,152	674	24,153
Total funds carried forward		807	(621)	22,820	703	23,709

ESSA FOUNDATION ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible assets	13		19		33
Tangible assets	14		22,357		22,787
			22,376		22,820
Current assets					
Debtors	16	472		432	
Investments	17	471		518	
Cash at bank and in hand		1,351		1,443	
		2,294		2,393	
Current liabilities					
Creditors: amounts falling due within one year	18	(968)		(883)	
Net current assets			1,326		1,510
Net assets excluding pension liability			23,702		24,330
Defined benefit pension scheme liability	22		(2,371)		(621)
Total net assets			21,331		23,709
Funds of the academy trust:					
Restricted funds	20				
- Fixed asset funds			22,376		22,820
- Pension reserve			(2,371)		(621)
- Endowment funds			471		703
Total restricted funds			20,476		22,902
Unrestricted income funds	20		855		807
Total funds			21,331		23,709

The accounts were approved by the trustees and authorised for issue on ...18/12/19... and are signed on their behalf by:

Mr C Read
Chair of trustees

Company Number 06731593

ESSA FOUNDATION ACADEMIES TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	23		95		(217)
Cash flows from investing activities					
Dividends, interest and rents from investments		35		8	
Capital grants from DfE Group		82		106	
Purchase of intangible fixed assets		-		(6)	
Purchase of tangible fixed assets		(304)		(386)	
Purchase of investments		47		-	
Net cash used in investing activities			(140)		(278)
Cash flows from financing activities					
Endowment fund income		-		29	
Endowment fund expenditure		(47)		-	
Net cash (used in)/provided by financing activities			(47)		29
Net decrease in cash and cash equivalents in the reporting period			(92)		(466)
Cash and cash equivalents at beginning of the year			1,443		1,909
Cash and cash equivalents at end of the year			1,351		1,443

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of 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 the exemption not to prepare group accounts, as the subsidiary company is immaterial to the group.

1.4 Income

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

Grants

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.

1 Accounting policies

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, 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.

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 Accounting policies

1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

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

- Purchased computer software - 25% straight line

1.7 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	50 years straight line
Computer equipment	25% straight line
Fixtures, fittings & equipment	12.5% - 33% straight line
Motor vehicles	25% straight line

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 of 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 Accounting policies

1.10 Investments

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

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

1.11 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.12 Taxation

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

1.13 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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.

1 Accounting policies

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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Fund accounting

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

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 2019 £'000	Total 2018 £'000
Capital grants	-	82	82	106
Other donations	-	39	39	9
Endowments	-	-	-	29
	-	121	121	144

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	6,714	6,714	6,277
Other DfE group grants	-	791	791	761
	-	7,505	7,505	7,038
Other government grants				
Local authority grants	-	446	446	80
Total funding	-	7,951	7,951	7,118

The academy trust received £446,000 from the local authority in the year, being £110,000 High Needs Funding, £320,000 in relation to prior year building works and £16,000 other government 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 2019 £'000	Total 2018 £'000
Catering income	177	-	177	159
Trip income	-	25	25	3
Other income	45	-	45	17
	222	25	247	179

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Other investment income	35	-	35	8

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Non Pay Expenditure Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds					
- Direct costs	-	-	10	10	31
Endowment repayment	-	-	47	47	-
Academy's educational operations					
- Direct costs	4,962	673	466	6,101	5,431
- Allocated support costs	1,868	537	784	3,189	3,187
	6,830	1,210	1,307	9,347	8,649

Net income/(expenditure) for the year includes:	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	12	17
- Other services	7	4
Operating lease rentals	26	8
Depreciation of tangible fixed assets	735	725
Amortisation of intangible fixed assets	13	15
Net interest on defined benefit pension liability	21	29

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.

8 Central services

The amounts charged during the year were as follows:	2019 £'000	2018 £'000
Essa Academy	265	547
Essa Primary	52	110
	317	657

9 Charitable activities

All from restricted funds:	2019 £'000	2018 £'000
Direct costs		
Educational operations	6,101	5,431
Support costs		
Educational operations	3,189	3,187
	9,290	8,618

Analysis of costs	2019 £'000	2018 £'000
Direct costs		
Teaching and educational support staff costs	4,962	4,398
Staff development	91	103
Depreciation and amortisation	673	508
Educational supplies and services	227	223
Examination fees	86	71
Educational consultancy	19	96
Other direct costs	43	32
	6,101	5,431

9 Charitable activities

Support costs	2019 £'000	2018 £'000
Support staff costs	1,868	1,970
Depreciation and amortisation	75	232
Technology costs	195	185
Recruitment and support	30	50
Maintenance of premises and equipment	124	118
Cleaning	15	25
Energy costs	192	19
Rent, rates and other occupancy costs	101	104
Insurance	25	8
Security and transport	5	12
Catering	189	172
Interest on defined benefit pension scheme	21	29
Other support costs	319	219
Governance costs	30	44
	3,189	3,187

The expenditure on educational operations was £9,290,000 (2018: £8,618,000) of which £8,542,000 was restricted general and £748,000 was restricted fixed assets.

10 Staff

Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	4,917	4,359
Social security costs	470	403
Pension costs	1,082	1,055
Amounts paid to employees	6,469	5,817
Agency staff costs	326	469
Staff restructuring costs	35	82
Amounts paid to staff	6,830	6,368
Staff development and other staff costs	91	103
Total staff expenditure	6,921	6,471

10 Staff

Staff restructuring costs comprise:

Redundancy payments	-	15
Severance payments	35	67
	35	82

Staff numbers

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

	2019 Number	2018 Number
Teachers	88	68
Administration and support	106	105
Management	6	9
	200	182

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£110,001 - £120,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page . The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £468,000 (2018: £467,000).

11 Trustees' remuneration and expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their role as trustee.

The value of trustees' remuneration and other benefits was as follows:

Mr A Cooper (Chief Executive Officer and Accounting Officer)
Remuneration £70,001 - £75,000 (2018: £65,001 - £70,000)
Employer's pension contributions £10,000 - £15,000 (2018: £10,001 - £15,000)

Mr J Turner (Staff Trustee)
Remuneration £35,001 - £40,000 (2018: £35,001 - £40,000)
Employer's pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

Mr R Kinch (Staff Trustee)
Remuneration £45,001 - £50,000 (2018: £45,001 - £50,000)
Employer's pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

Other related party transactions involving the trustees are set out within the related parties note.

12 Trustees and officers insurance

From 1 September 2018 the academy trust has opted into the Department of 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.

13 Intangible fixed assets

	Computer software £'000
Cost	
At 1 September 2018 and at 31 August 2019	74
Amortisation	
At 1 September 2018	42
Charge for year	13
At 31 August 2019	55
Carrying amount	
At 31 August 2019	19
At 31 August 2018	33

14 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2018	24,294	955	498	22	25,769
Additions	-	163	142	-	305
At 31 August 2019	24,294	1,118	640	22	26,074
Depreciation					
At 1 September 2018	2,068	652	247	15	2,982
Charge for the year	486	168	75	6	735
At 31 August 2019	2,554	820	322	21	3,717
Net book value					
At 31 August 2019	21,740	298	318	1	22,357
At 31 August 2018	22,226	303	251	7	22,787

15 Fixed asset investments

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

Essa Education Limited is primarily a nursery which also provides leisure facilities to the public and provides supply teaching services to other schools. As at the date of signing these accounts, the Essa Education Limited results for the year to 31 August 2019 had not been finalised.

16 Debtors

	2019	2018
	£'000	£'000
Trade debtors	19	18
Amounts owed by group undertakings	66	22
VAT recoverable	74	119
Accrued income	120	120
Prepayments	193	153
	472	432

17 Current asset investments

The academy has shares in listed companies held at £471,000 (2018: £518,000).

18 Creditors: amounts falling due within one year	**2019**	**2018**
	£'000	**£'000**
Trade creditors	812	712
Accruals and deferred income	156	171
	968	883

19 Deferred income	**2019**	**2018**
	£'000	**£'000**
Deferred income is included within:		
Creditors due within one year	113	96
Deferred income at 1 September 2018	96	151
Released from previous years	(96)	(151)
Resources deferred in the year	113	96
Deferred Income at 31 August 2019	113	96

20 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	6,714	(6,876)	162	-
Other DfE / ESFA grants	-	791	(791)	-	-
Other government grants	-	446	(446)	-	-
Other restricted funds	-	64	(64)	-	-
Pension reserve	(621)	-	(365)	(1,385)	(2,371)
	(621)	8,015	(8,542)	(1,223)	(2,371)
Restricted fixed asset funds					
Inherited on conversion	22,518	-	(486)	-	22,032
DfE group capital grants	-	82	(34)	-	48
Capital expenditure from GAG	302	-	(228)	222	296
	22,820	82	(748)	222	22,376
Restricted endowment fund	703	-	(47)	(185)	471
Total restricted funds	22,902	8,097	(9,337)	(1,186)	20,476
Unrestricted funds					
General funds	807	257	(10)	(199)	855
Total funds	23,709	8,354	(9,347)	(1,385)	21,331

20 Funds

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.

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.

The £222k transfer from restricted general funds to restricted fixed asset funds is to meet capital expenditure in the year.

The £185k transfer from restricted endowment funds to restricted general funds is to recognise the correct balance carried forward as at 31 August 2019.

The £199k transfer from unrestricted general funds to restricted general funds is to reduce the deficit carried forward on restricted general funds to £nil.

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 2019.

20 Funds

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	6,277	(6,442)	165	-
Other DfE / ESFA grants	-	761	(761)	-	-
Other government grants	-	80	(80)	-	-
Other restricted funds	-	12	(12)	-	-
Pension reserve	(966)	-	(411)	756	(621)
	(966)	7,130	(7,706)	921	(621)
Restricted fixed asset funds					
DfE group capital grants	23,152	106	(740)	-	22,518
Capital expenditure from GAG	-	-	-	302	302
	23,152	106	(740)	302	22,820
Restricted endowment fund	674	29	-	-	703
Total restricted funds	22,860	7,265	(8,446)	1,223	22,902
Unrestricted funds					
General funds	1,293	184	(203)	(467)	807
Total funds	24,153	7,449	(8,649)	756	23,709

20 Funds

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:	2019 £'000	2018 £'000
Essa Academy	1,193	1,359
Essa Primary	133	151
Central Services	-	-
Total before fixed assets fund and pension reserve	1,326	1,510
Restricted fixed asset fund	22,376	22,820
Pension reserve	(2,371)	(621)
Total funds	21,331	23,709

Total cost analysis by academy

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

	Teaching educational support staff £'000	Other staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Essa Academy	3,751	1,240	169	1,249	6,409	5,871
Essa Primary	1,195	305	58	139	1,697	1,434
Central Services	16	323	-	107	446	604
	4,962	1,868	227	1,495	8,552	7,909

21 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 2019 are represented by:					
Intangible fixed assets	-	-	19	-	19
Tangible fixed assets	-	-	22,357	-	22,357
Fixed asset investments	-	(471)	-	471	-
Current assets	2,294	-	-	-	2,294
Creditors falling due within one year	(1,439)	471	-	-	(968)
Defined benefit pension liability	-	(2,371)	-	-	(2,371)
Total net assets	855	(2,371)	22,376	471	21,331

21 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds: General	Restricted funds: Fixed asset	Endowment Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:					
Intangible fixed assets	-	-	33	-	33
Tangible fixed assets	-	-	22,787	-	22,787
Current assets	2,393	-	-	-	2,393
Creditors falling due within one year	(1,586)	-	-	703	(883)
Defined benefit pension liability	-	(621)	-	-	(621)
Total net assets	807	(621)	22,820	703	23,709

22 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 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

22 Pension and similar obligations

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.5%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £524,000 (2018: £444,000).

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 2020 will be approximately £234,000.

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

Total contributions made	**2019**	**2018**
	£'000	**£'000**
Employer's contributions	234	253
Employees' contributions	84	92
Total contributions	318	345

Principal actuarial assumptions	**2019**	**2018**
	%	**%**
Rate of increase in salaries	3.1%	3.1% - 3.2%
Rate of increase for pensions in payment/inflation	2.3%	2.3% - 2.4%
Discount rate for scheme liabilities	1.8% - 1.9%	2.8%

22 Pension and similar obligations

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

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	24.8	26.2

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 2019	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13% - 21%	124 - 1,186
0.5% increase in the Pension Increase Rate	11% - 19%	110 - 985
0.5% increase in the Salary Increase Rate	2%	12 - 175

The academy trust's share of the assets in the scheme	2019 Fair value £'000	2018 Fair value £'000
Equities	4,906	4,516
Bonds	1,082	1,063
Cash	649	597
Property	578	465
Total market value of assets	7,215	6,641

The actual return on scheme assets was £324,000 (2018: £336,000).

22 Pension and similar obligations

Amount recognised in the Statement of Financial Activities	2019 £'000	2018 £'000
Current service cost	495	607
Past service cost	83	28
Interest income	(189)	(154)
Interest cost	210	183
Total operating charge	599	664

Changes in the present value of defined benefit obligations	2019 £'000	2018 £'000
At 1 September 2018	7,262	6,987
Current service cost	495	607
Interest cost	210	183
Employee contributions	84	92
Actuarial loss/(gain)	1,520	(574)
Benefits paid	(68)	(61)
Past service cost	83	28
At 31 August 2019	9,586	7,262

Changes in the fair value of the academy trust's share of scheme assets	2019 £'000	2018 £'000
At 1 September 2018	6,641	6,021
Interest income	189	154
Actuarial gain	135	182
Employer contributions	234	253
Employee contributions	84	92
Benefits paid	(68)	(61)
At 31 August 2019	7,215	6,641

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

	2019 £'000	2018 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(993)	(1,202)
Adjusted for:		
Capital grants from DfE and other capital income	(82)	(106)
Net endowment income	47	(29)
Investment income receivable	(35)	(8)
Defined benefit pension costs less contributions payable	344	382
Defined benefit pension scheme finance cost	21	29
Depreciation of tangible fixed assets	735	725
Amortisation of intangible fixed assets	13	15
(Increase)/decrease in debtors	(40)	79
Increase/(decrease) in creditors	85	(102)
Net cash provided by/(used in) operating activities	95	(217)

24 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	71	26
Amounts due in two and five years	212	75
Amounts due after five years	-	10
	283	111

25 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the year the academy trust made management recharges of £66,000 (2018: £104,000) to, Essa Education Limited, a wholly owned subsidiary. At the year end Essa Education Limited owed £66,000 (2018: £22,000) to the academy trust and were due £90 (2018: £nil) from the academy trust.

Trustee, Mrs L Fathers is an employee of Alliance for Learning. During the year the academy trust incurred expenditure from Alliance for Learning totalling £12,885 (2018: £63,000). At the year end the academy trust owed £nil (2018: £3,600) to Alliance for Learning. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2018. These transactions are considered to be at a favourable rate for the academy trust.

26 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.