

**NORTH ESSEX MULTI-ACADEMY TRUST**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

# **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

## **CONTENTS**

	Page
<b>Reference and Administrative Details</b>	1
<b>Trustees' Report</b>	2 - 12
<b>Governance Statement</b>	13 - 16
<b>Statement on Regularity, Propriety and Compliance</b>	17
<b>Statement of Trustees' Responsibilities</b>	18
<b>Independent Auditors' Report on the Financial Statements</b>	19 - 20
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	21 - 22
<b>Statement of Financial Activities Incorporating Income and Expenditure Account</b>	23
<b>Balance Sheet</b>	24
<b>Statement of Cash Flows</b>	25
<b>Notes to the Financial Statements</b>	26 - 44

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	D Gask B Pentelow T Parrott A Hicks B Crawford (appointed 13 December 2016)
<b>Trustees</b>	D Gask, Chair B Pentelow T Parrott A Hicks R James G Sprawling E Ward D Conway, Accounting Officer A Allocca (appointed 1 September 2016)
<b>Company registered number</b>	07687474
<b>Company name</b>	North Essex Multi-Academy Trust
<b>Registered and principal office</b>	Notley Road Braintree Essex CM7 1WY
<b>Company Secretary</b>	Mr P Harrison
<b>Chief Executive Officer</b>	Mr D Conway
<b>Senior Leadership Team</b>	D Conway, Executive Headteacher P Harrison, Finance & Operations Director S Donnelly, Headteacher, Richard de Clare Academy R James, Headteacher, The Ramsey Academy
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds TSB Bank Street Braintree
<b>Solicitors</b>	Ward Hadaway Sandgate House 102, Quayside Newcastle upon Tyne NE1 3DX

# **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their Annual Report together with the financial statements and auditor's report of North Essex Multi Academy Trust (the Charitable Company or the Trust) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates two secondary academies and one primary academy (the Academies or the Schools) serving a catchment area in Essex. The Academies have a combined pupil capacity of 2767 and a roll of 2500 students in the 2017 census.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law.

The Charitable Company includes the following Academies:

- Notley High School & Braintree Sixth Form, Braintree, Essex - 01.09.2013
- The Ramsey Academy, Halstead, Essex, sponsored by Notley High School & Braintree Sixth Form under the DfE Academy sponsorship program - 01.09.2014
- Richard De Clare Primary School, Halstead, Essex - 01.09.2016

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). Each Academy has appointed Local Governing Committee(s) (LGC) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section. Within this Report the term Trustee refers to a member of the MGB and the term Governor to a member of an LGC.

### **Members' Liability**

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

### **Trustees' and Officers Indemnities**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in note 12 to the accounts.

### **Method of Recruitment and Appointment or Election of Trustees**

Members have the responsibility to recruit and appoint Trustees to a maximum of nine, based on the needs of the Trust. The method of appointing or electing new Trustees is set out in the Articles of Association and may be redetermined by Members at any time. Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the MGB and maintains this role whilst in post. The total number of Trustees (including the CEO) who are employees of the Company shall not exceed one third of the total number of Trustees, with at least two Parent Trustees being elected or appointed from the LGC's, whilst they are a parent of a registered pupil of one of the Academies. Trustees and Governors may appoint Co-opted Trustees and Governors to introduce necessary expertise and experience into the Trust. The appointing Trustees and Governors must not themselves be Co-opted Trustees and Governors.

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

#### **Policies and Procedures adopted for the Induction and Training of Trustees**

The Trust has a Trustee/Governor Recruitment, Induction and Training policy available from the Clerk to the Governors and is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme would involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

All trustees are DBS checked on appointment.

Trustees have a specific area made available to them on the Trust 'Intranet'. This area holds a vast amount of information specifically to support, advise and inform Trustees in every aspect of their development in this role.

#### **Organisational Structure**

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement(s) with the Department of Education. The MGB, which meets on at least three occasions per year, together with its 3 sub committees (Finance, Premises & HR, Risk & Audit & Education Standards & Performance). The MGB is responsible for the strategic direction of the Trust. The Trustees are responsible for setting policy, adopting an annual development plan and budget, monitoring the effective use those budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Governors are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Teams (SLT's) control the Academies at an executive level implementing policies and reporting to their LGC. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Executive Committee (EC) looks across the Trust and aligns local SLT and LGC activity with the strategic aims of The Trust as a whole. The Trust's CEO is the Accounting Officer. The Accounting Officer has overall responsibility for the day to day financial management of the Charitable Company and he can delegate responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own Schools and departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

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

The arrangements for the setting of pay for key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. These personnel include the CEO, the Headteacher of each Academy and the Chief Financial Officer (CFO). Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Multi Academy Trust size, each Academy size, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All proposals and amendments to key management's pay and remuneration is approved by the Pay Committee and ratified by the MGB.

#### **Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Trust's operations and the composition of the Trust Board and LGCs being drawn from the local area, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

On 1st September 2016, Richard De Clare Primary Academy in Halstead, Essex, joined the Trust as its first primary school.

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

The Schools have strong working relationships for mutual benefit with many local educational establishments. These include a number of feeder primaries in the local area and secondary schools spread over a broader area. Notley High School & Braintree Sixth Form is the Lead Academy for Mid-Essex Initial Teacher Training consortium (MEITT) which provides for the training of some 40-45 trainee teachers each year.

Richard De Clare Academy has links with Halstead Pre-School which operates on the Richard De Clare site.

In a number of partnerships, the Trust is working actively to develop a range of improvement initiatives to develop teaching and learning and CPD, including leadership development and initial teacher training. These partnerships include the Saffron Walden TSA, ASHE, Lyons Hall TSA and partnership with local secondary schools.

The partnership with 'Notley Family of Schools' (NFOS) continued into 2016-17, constituting a significant amount of the local Primary schools in and around the Braintree and Halstead geographical area. NFOS exists to collaborate across phases and to share good practice with member schools across the community.

The Trust works closely with its 'catchment' primaries. There is a full programme of link work delivered by the Trust covering a wide and diverse range of activities including curriculum/extra-curricular based opportunities and also collaborative training and development opportunities for staff and Trustees.

We connect with other alternative educational providers in the area to support the Academies Alternative Education programme.

#### OBJECTIVES AND ACTIVITIES

##### Objects and Aims

The principal objective(s) and activity of the Trust is to:

- Advance for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing Schools offering a broad range of curriculum for pupils of different abilities and to;
- Provide free education and care for pupils of different abilities between the ages of 4 and 19.
- To continue to pursue and develop the Trust growth strategy in relation to the strategic plan and to finalise and publish this plan in early 2017-18 academic year.

The aims of the Trust during the year ended 31 August 2017 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils;
- to ensure that every student makes at least the expected level of progress against national targets;
- to provide a broad and balanced curriculum, including extra-curricular activities which provide pathways that take account of pupils' needs;
- to develop students as more effective learners;
- to enhance the provision and outcomes at post-16;
- to improve the Trust facilities and learning environment so that it enables students to achieve their full potential;
- to meet the needs of all pupils so that they meet their full potential;
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review;
- to maximise the number of students who achieve 5 A\* - C GCSE grades including English and Maths, improve the progress that students make (to at least 0.25 on Progress\*) and raise the attainment of pupils with high prior attainment;
- to provide value for money for the funds expended;
- to provide high quality professional development for all staff;
- to work closely with our feeder primary schools to support the successful transition of pupils;
- to ensure that provision of high quality information, advice and guidance is in place;
- to develop coherence, clarity and effectiveness in School's and Trust's systems;
- to comply with all appropriate statutory and curriculum requirements;
- to develop the Trust's capacity to manage change, and work collaboratively with partner organisations to this end; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

The Trust aims to achieve the best for, and from, each child. It intends to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Schools are communities in which children, staff and parents should be part of a happy and caring and safe environment.

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

#### Objectives, Strategies and Activities

Key priorities for the year are contained in our School Improvement Plans ('SIP') summary which is available from the Trust office. The main SIP objectives for the year were as follows:

##### Achievement of students

- Raise achievement at all Key Stages and ensure teaching over time is impacting on achievement.
- To ensure that the most able students achieve the highest grades across a wide range of subjects
- To focus more collaboratively with the feeder primary provision on transitional arrangements to ensure that accurate progression/achievement data is accounted for within KS3 to ensure that appropriate interventions are in place to allow all students to achieve their very best as early as possible.

##### Quality of teaching

- Develop work on marking and assessment to raise student achievements.
- Ensure consistently high quality marking and constructive feedback from teachers so that students make significant and sustained gains in their learning.
- Develop whole School approaches on numeracy and literacy which are highly effective and cohesively planned and implemented across the curriculum to raise student achievement.
- Continue to ensure that high quality Continuous Professional Development for all staff contributes towards better classroom practice.

##### Personal development, behaviour and welfare of students

- Focus on behaviour for learning and learning behaviours which support achievement through Discipline with Dignity;
- Enhance strategies to engage with parents/carers and specifically in relation to parent/student aspirations.
- Improve attendance and engagement of all students across the Trust to 96%.

##### Leadership and management

- Ensure there are high quality continual professional development opportunities for all middle leaders which provide the tools to raise student achievement and engagement.
- Ensure there is a whole Trust action research programme for all classroom-based staff which provides the tools to raise student achievement.
- Carry out a staff structure review and School spending review to ensure that resources are being deployed and used effectively at all levels within the Schools.
- Further embed the Trust structural review of staffing, services and systems to inform the process of Trust growth in the short to medium term, including ongoing improvement of the 'Central Services Model' to enable all key services to be procured, managed and operated from a Lead Academy to achieve value for money and economies of scale.
- Develop a robust system for succession planning across the Trust in terms of teaching and associate staff.

##### Braintree Sixth Form

- Focus on recruitment to Braintree Sixth Form and maximise recruitment from our own Schools as well as the surrounding area of North East Essex;
- Raise achievement at Key Stage 5 (IB and A Level) and ensure teaching over time is impacting on achievement.
- Continue to develop a meaningful, attractive and sustainable curriculum to ensure that there is continued and varied choice for all students in North East Essex at Key Stage 5.

Key activities and targets were identified in the SIP and were driven by our self-evaluation and influenced by the challenges and opportunities arising from national changes in education policy and funding, including the conversion to Academy status in 2011 and the changing educational landscape in relation to the growth in Multi-Academy Trusts.

#### Public Benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit, education in Braintree and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and developing Schools and offering a broad curriculum.

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

Beyond this, the Academies aim to offer an education for the whole individual providing exceptional opportunities for personal as well as academic success. With this in mind, the Schools seek to provide for the cultural, physical, spiritual as well as academic development of students. The wide range of extra-curricular activities, educational trips and visits offered to, and taken up by our students contribute to Schools which are happy and in which students thrive.

We support other schools through the delivery of professional development and the sharing of practice and knowledge to ultimately benefit the wider community.

#### **STRATEGIC REPORT**

##### **Achievements and Performance**

During the year, the Trust continued to refurbish the Schools' estates. A complete refurbishment of the kitchens, dining area and outside seating/eating area for students was completed at Notley High School & Braintree Sixth Form, together with a significant replacement programme of windows in two of the major blocks (Science and English, Humanities and MFL). These projects were funded by the Trust's own capital funds and a substantial grant from the Condition Improvement Fund (CIF) from the Education & Skills Funding Agency.

These projects form part of the continuing delivery of the Trust's Strategic Site Development Plan. It is the intention of the Trustees to continue this refurbishment programme to enhance the learning environment. These projects will be funded from a combination of the Trust's financial reserves and capital grants from the Education and Skills Funding Agency.

At Notley High School & Braintree Sixth Form further progress was made with an improved set of academic results with the previous, nationally recognised, key attainment benchmark at KS4 (5 A\*-C including English & maths) GCSE being 64% on best entry (59% 2015 and 61% in 2016). The provisional Progress 8 score unfortunately dipped to "below expected progress" for which a number of factors were responsible, driven by a higher than average number of disengaged students, and students in Alternative Provision who achieved very poor results.

At Ramsey Academy the recent excellent upward trajectory was maintained. Building on the success and continued improvement of the last few years, 60% of students achieved 5 A\*- C GCSEs including English and Maths, an increase of 12% since 2015. The progress 8 score placed the School in the expected range for student progress.

At post-16 the percentage of students achieving A\*-B grades at A level dropped from the previous year to 33.8%. The overall pass rate achieved (A\*-E) being 94.5% (National pass rate 97.8%). The results in the International Baccalaureate were the best ever achieved by the School – 100% pass rate and average point score of 33.

Recruitment of students into Braintree Sixth Form was similar to 2016 with 252 students entering or continuing with their post 16 education with us. This compared to 254 students at the same point in 2016.

##### **Key Performance Indicators (KPIs)**

The Trustees receive regular information to enable them to monitor the performance of the Schools compared to aims, targets, strategies and financial budgets. As core funding is based on pupil numbers, this is a key performance indicator and the total pupil numbers increased from 2026 to 2500, the main increase largely due to the acquisition of the Richard De Clare Primary Academy into the Trust.

Notley High School & Braintree Sixth Form remains oversubscribed at KS3/4 with a planned admission number of 250. The Braintree Sixth Form has seen a slight decrease in recruitment from 254 in years 12 & 13 in 2016 to 249 in 2017.

At The Ramsey Academy, addressing the decline in pupil numbers over the last few years has been a major priority in order to ensure sustainability and viable budgets moving forward. Admissions in September 2016 increased to 131 and this upward trend is forecast to continue with applications looking to achieve Year 7 numbers of 160 in 2017. The Academy is seeking an increase in its Pupil Admission Number (PAN) target of 130 to 160 from September 2017. Further pressure on primary and secondary school numbers has been indicated in the Local Authority Strategic Plan due to increased housing stock and the continued expansion of both Braintree district and Halstead. The trustees will be monitoring these developments over the next few years in terms of strategic planning for places and will be liaising with the Local Authority and other stakeholders in this respect. There is a possibility of the need for a new secondary school in the Notley area of Braintree by 2020 and the Trust is in early discussion with the Regional Schools Commissioner to discuss the viability of a Free School application as part of the Trust.



## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

A continuing review of KPI analysis is carried out each year to react to the ever changing educational context and persistent pressure on school budgets. The Trust continues to analyse the following ratios which are now embedded into Financial Management structures of all Academies:

- Staffing cost % of GAG;
- Teachers pay % of GAG;
- Core funding per pupil;
- Staffing cost % of total income
- Net usable reserves % of GAG;
- GCSE - A\* to C (Including English & Maths);
- Total pay % of GAG;
- Total pay % of total Income.
- Average teachers pay cost

An example key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 84% against a budget of 83%. The Trustees are confident that staffing levels are closely monitored to agreed full time equivalents and staffing structures all approved by the MGB. Investment in staff across the Trust who are able to generate additional income streams, continues to be a priority to subsidise the sustainability of staffing cost ratios.

#### Going Concern

After making appropriate enquiries, the Trustees have 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.

In 2016-17, 89% of the Trust's funding was provided by the ESFA and other Government bodies. The current Government have pledged to introduce a 'Fairer Funding System' via a revised funding formula by 2018-19. This will be designed to smooth the inequities across different Local Authorities in respect of per pupil funding levels. The impact of this change on the Trust's funding levels in the Essex Authority is likely to be relatively neutral as Essex sits in the middle lower quartile in terms of per pupil funding rates nationally.

Whilst the Government have stated that funding settlements to schools and academies are protected, they do not currently allow for 'cost pressure' influences outside of schools control, such as increases in pension employer cost, employers NIC, other employment cost pressure and energy inflation. Therefore education funding in real terms has reduced relatively over the past few years which has put pressure on the Trust's level of reserve funds.

Whilst uncertainties clearly exist, the Trustees have been able to gain confidence in the Trust's basis as a going concern. This is based on the continued over-subscribed status of the Notley High School & Braintree Sixth Form into Year 7 each year, together with encouraging news on strengthening pupil numbers at The Ramsey Academy, Halstead. Richard De Clare Academy joined the Trust in September 2016 and is fully subscribed with pupil growth anticipated in the next few years. Also, the MGB have agreed ambitious expansion plans for the Trust which will eventually relinquish procurement savings across many areas of central procurement and the Trust overhead cost structure. The SLTs and the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

#### FINANCE REVIEW

The principal source of funding for the Trust is General Annual Grant (GAG) in the form of recurrent grants obtained from the DfE via the ESFA. This can relate to revenue & capital funding. Its use is restricted to particular educational purposes. The total grants received from the ESFA during the year ended 31 August 2017 amounted to £12,403,184. This income together with the associated expenditure are shown as restricted funds the Statement of Financial Activities incorporating Income and Expenditure Account.

A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education.

The Trust also receives grants for capital additions and fixed assets from the ESFA from time to time. This amounted to £417,000 in 2016/17. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trust's accounting policies.

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

During the year ended 31 August 2017, total expenditure of £16,011,142 was covered by GAG funding from the ESFA of £12,403,184, together with other incoming resources of £3,607,958. The excess of expenditure over income for the year before transfers (excluding restricted fixed asset funds) was £274,384. This in year deficit (reduced when compared to 2015-16) is due largely to the continuing 'real terms' reduction in core funding and also cost pressure on wages and salary expenditure. The Trust brought forward from 15/16, £84,953 of restricted funds and £987,511 unrestricted funding. The carry forward for 16/17 is £76,361 restricted funding and £734,719 unrestricted funding.

At 31 August 2017 the net book value of fixed assets was £24,716,831 and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the Students of the Trust. In the 2015-16 financial year, the Fixed Asset and Depreciation Policy was revised to increase the limit of Capitalisation of assets to £10,000, this has continued this year.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £6,866,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The deficit is incorporated within the Statement of Financial Activity with details in Note 21 to the financial statements.

Key financial policies adopted or reviewed during the year include revision to the Finance Regulations Manual, and the Fixed Asset & Depreciation Policy. The Finance Regulations Manual sets out the framework for financial management, including financial responsibilities of the Trustees, CEO (as Accounting Officer), the CFO, managers, budget holders and other affected staff, as well as delegated authority for expenditure and procurement protocols.

Trustees have adopted an external verification process for scrutiny of financial management as part of its risk management system as part of its review of internal controls. A separate Risk & Audit Committee is now operational and reports directly to the Trust Board on key areas of control within the accounting function. This is in direct response to recommendations from the ESFA and external Auditors. Particular attention is given to control systems and processes that may expose the Trust to poor regularity or propriety issues or exposure to fraud.

The Trustees have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest in human and physical resources to sustain the Trust's development priorities. They have also taken a prudent approach to policy on reserves in order to protect the organisation from commercial, political and financial risk. This strategic plan is in line with and reinforces the objectives in the Trust's Funding Agreement.

#### Reserves Policy

The Trust adopts a strategic and pragmatic approach to reserves policy.

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match revenue income with commitments through budgetary control and also the various elements and strategic uses that need to be allocated to different layers of reserves. The Trustees take into consideration the future plans of each Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trust's total reserves at the balance sheet date of 31 August 2017 were £18,944,236 (2016: £11,796,642).

Free reserves will be allocated to Trust improvement priorities, via the Executive Committee, through the development planning process. This will include allocation to further capital project commitment if required. The Trust's current level of free reserves (total funds less the amount held in fixed assets (net) and restricted funds) is £734,719.

Other considerations for use of the general reserve are:

- Fixed asset/equipment replenishment.
- Trust growth investment expenditure.
- Post Ofsted action plan/support costs/improvement planning.
- Special School Improvement projects.
- IT refresh.
- Cost pressure turbulence.
- Staffing turbulence.

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

#### Investment Policy

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Purposes:

- to ensure adequate cash balances are maintained in the current account(s) to cover day-to-day working capital requirements of the Trust;
- to ensure there is no risk of loss in the capital value of any cash funds invested;
- to protect the capital value of any invested funds against inflation; and
- to optimise returns on invested funds for the benefit of the Trust's charitable aims and objectives.

All funds surplus to immediate requirements are invested to maximise income. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

Day to day management of the surplus funds is delegated to the CEO and CFO within strict guidelines approved by the MGB. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

An Investment Policy (Part of the Trust Financial Regulations Manual) was approved by the MGB in July 2016.

#### Principal Risks and Uncertainties

The Trust works with LGC's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the MGB via the Risk & Audit Committee and the Finance Committee with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each Risk & Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees Report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of academy schools, the level of financial risk is medium-low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA, and there is 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. In the last year 89% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is ongoing cost pressure in certain areas of expenditure which erodes the effect of these static funding levels. There is also concern around funding levels up to 2020 whilst the fiscal climate remains uncertain.

Physical Environment – Ongoing concerns over funding levels in the short/medium term also translate to 'Capital Funding' availability from Government. The Trust currently operates a 'Strategic Site Development Plan' for all of its Estates delivering significant improvements to buildings and infrastructure on a rolling basis.

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

However, the general condition of the buildings is a perennial problem requiring ongoing attention and consistent levels of maintenance and capital funding. The Academy is experiencing a greater degree of difficulty in terms of its Capital Bid outcomes which is compounded as the number of academies grows with the available capital resources remaining at previous levels in real terms. If the necessary capital funds are not forthcoming (mainly from Government) the environment will suffer relatively quickly due to the design/age of the buildings and the over-use they are receiving. This area will require careful monitoring to ensure that the learning/working environment is sufficient, suitable and safe. The Trust's ability to guarantee this objective is uncertain. Therefore a greater degree of capital funding will inevitably have to come from the Trust's reserves rather than Government funding. This, however, is not sustainable in the medium/long term.

Reputational - The continuing success and growth of the Trust and its Academies is dependent on consistently attracting student applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success, progress and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection, recruitment and monitoring of staff, the operation of child protection policies and procedures and health & safety and risk assessment of these critical areas of operation. This continues to be a very high priority.

Staffing - the success of the Trust is reliant on the quality of its staff and the Trustees monitor and review policies and processes to ensure continued development and training of staff as well as ensuring there is clear succession planning. Performance management procedures have been enhanced and are being robustly employed to ensure that all staff meet the very highest standards in relation to all aspects of School performance and operational management. Wellbeing systems are being developed to enhance and secure high levels of staff retention.

Fraud and mismanagement of funds - The Trust has appointed Price Bailey LLP to carry out audit and compliance checks on financial systems, records and controls as recommended in the Academies Financial Handbook. All finance staff receive internal/external training to keep them up to date with financial practice requirements and to support them in their development and understanding of this area of risk. Internal control processes are now subject to more robust scrutiny as a result of enhanced 'Internal Audit' procedure being implemented in 2016-17 financial year.

Financial Instruments – the Trust only deals with bank balances, decreasing cash balances and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low.

Defined Benefit Pension Liability - as the Government has agreed to meet the defined benefit pension liability of any academy ceasing to exist the main risk to the Trust is the annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to monitor its risk management process throughout the year by improving the process and ensuring that senior staff awareness.

The risk register review process has been streamlined further with the allocation of specific areas to individual committees for regular review which is monitored by the MGB.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and the SLTs and include the financial risks to the Trust. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which each Academy is exposed, in particular those relating to its changes in leadership and management; adverse publicity; teaching and learning; not being judged as good or outstanding in future Ofsted visits and Trustees insufficiently aware of their responsibilities & accountabilities. Due consideration is being exercised around the area of Trust growth and the necessary due diligence processes that are required when potentially engaging with other institutions.

Through dialogue, discussion, monitoring and reporting, effective mitigation of risk is being maintained. Where significant financial risk still remains then the Trustees have ensured that adequate insurance cover is in place.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular management accounts at LGC meetings and at MGB level. The management accounts have been standardised across the Trust in the 2016-17 financial year as part of a programme of financial management improvements. The Trustees also regularly review cash flow forecasts and trading activities and ensure sufficient funds are held to cover all known and anticipated commitments.

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity. Future commitments to operating lease instruments are detailed in the notes to the accounts.

Investment risk is managed with short term (3 or 6 month) fixed price deposit bonds or other similar products under the strict control of the Trust's Investment Policy conditions.

#### **Plans For Future Periods**

The Trust will continue to strive to provide outstanding education and improve the levels of performance and progress of its pupils at all levels. To achieve this we will aim to continue to attract high quality teachers and associate staff in order to deliver these objectives. Central to our educational aspirations is the desire to:

- develop and implement further strategies within Key Stage 2 to Key Stage 3 transition to improve overall progress;
- to consistently identify those learners who require additional support to ensure they make good progress at all times;
- to continue to raise the standard of educational attainment, progress and achievement of all pupils;
- to strive to find ways to raise aspiration levels in our students to facilitate improved progress and results;
- to ensure that the most able students are encouraged and challenged to ensure that they reach their full potential (Ofsted 2016)
- to provide a broad and balanced curriculum, including extra-curricular activities which provide pathways that take account of pupils' needs and the changing educational landscape;
- to continue to ensure that all students and staff work in a safe and secure environment.
- to develop and embed systematic 'School to School' support mechanisms to improve outcomes for all our Schools.

The Trust will continue to work with partners (including feeder primaries and the local educational primary/secondary networks) to improve the educational opportunities for students in the wider community.

The Trustees are committed to continued investment in the buildings and the learning environment. Further capital funding is continuously being sought to allow the Strategic Site Development Plan to be delivered.

In understanding and developing our 'risk strategy', we aim to understand fully the local educational landscape, especially in relation to future growth in primary and secondary numbers of students in and around Braintree and Halstead. Our current plans in relation to potential growth in this area are now at the developing stage with additional primary and secondary academy provision potentially joining the Trust in the next two academic years.(2017-19) . Our strategy is to listen to the views of the local community and respond to these views with the best interests of the young people of Braintree and Halstead at the centre of our development decisions.

The Trustees are actively seeking opportunities to continue to grow the Trust to create a 'family' of close schools who can benefit from a more collaborative and partnership approach. We are working closely with our education partners to achieve these aspirations.

We have developed various business strategies in relation to the expansion of 'traded services' to the mutual benefit of the our Academies and to other schools in the area. Furthermore, we aim to extend these services further in 2017/18 and beyond. Any profits that derive from these activities will be diverted back to the education budget for investment in our core strategy.

#### **Funds Held As Custodian Trustee On Behalf Of Others**

The Trust acts as an agent administering the 'Mid-Essex Initial Teacher Training' scheme (MEITT), the 'Notley Family of Schools' (NFOS), PLN and BAP. The charitable objects of both these schemes fit in with those of the Trust as the funds are held for teacher training and other education related expenditure. Payments received and subsequent disbursements to students and trainees are excluded from the Statement of Financial Activities incorporating Income and Expenses Account as the Trust does not have control over the charitable application of the funds.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Price Bailey LLP, has indicated its willingness to continue in office.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 12 December 2017 and signed on its behalf by:

**D Gask**  
**Chair of Trustees**

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT

#### SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that North Essex Multi-Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between North Essex Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Gask, Chair	5	5
B Pentelow	5	5
T Parrott	5	5
A Hicks	4	5
R James	5	5
G Sprawling	5	5
E Ward	5	5
D Conway, Accounting Officer	5	5
A Allocca	3	5

#### Governance reviews

In 2016-17 the Trustees continued with their review of the governance structures in relation to the roles and responsibilities of Members, Trustees and Governors. This review was intended to:

- enhance and improve communication strategy from Trustees to all stakeholders of the organisation, with specific emphasis on more dialogue between Trustees, Governors and staff;
- clearly define the layers of accountability for Members and Trustees;
- reduce duplication in governance monitoring;
- improve the accountability framework across the Trust;
- improve communication between the Trust and the local community;
- improve the monitoring and evaluation procedures between Trustees and the Academies to enable and further enhance school improvement; and
- align the governance structure based on the latest DFE recommendation to facilitate future growth of the Trust.

The Finance, Premises & HR Committee is a sub-committee of the main Board of Trustees. Its purpose is to agree and monitor the management of the Trust budget(s) and the overall financial performance of the Trust.

There were no significant changes of Trustees on the Finance premises & HR Committee apart from a small number of annual rotational moves designed to increase Trustees overall experience across the committee structure.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Bailey	5	5
D Gask	4	5
R James	5	5
T Parrott	5	5
G Sprawling	5	5
A Wright (resigned June 2017)	0	4
D Conway	5	5

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT (continued)

The Risk & Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to ensure that robust and effective systems of internal control exist in the Trust. This committee meets at least twice each financial year and its objective is to review the effectiveness of the Trust's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and compliant manner. The committee also liaises with the external Auditor and the Internal Auditor.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
B Britten	2	3
L Mitchell	2	3
A Allocca	3	3
D Gask	2	3
B Pentelow	3	3
D Fugeman	1	3

### REVIEW OF VALUE FOR MONEY

As Accounting Officer, the 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 taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

#### Robust Governance and oversight of the Trust's Financial & Risk Management (VfM)

- Financial governance and oversight is very strong, with several of the finance Trustees having worked professionally in commerce and industry and some within the financial services sector.
- Budgets are set against strict pre-agreed criteria and systems exist to control the levels of 'Contingency Reserves' that each Academy operates to. This is to protect the Academy against unforeseen circumstances.
- Management accounts are prepared and issued 3 times each year, to enable regular monitoring, variance analysis and to test value for money.
- Spending proposals and business plans are utilised and presented to Senior Leaders/Trustees and then challenged appropriately. This relates to all significant expenditure.
- Regular budget updates are provided, including 3 year projections, which enables both short and long term budget decisions to be made appropriately and in line with priorities.
- Trustees ensure that budgets are linked to the School Improvement Plan, the central services fee and the Strategic Site Development Plan to ensure that financial discussion is always focused on the Academies' core priorities.
- All relevant contracts are reviewed on an annual basis to ensure they are still fit for purpose and best value for the Trust.
- School spend is benchmarked against other academies and areas where we significantly over or under spend have been thoroughly investigated and assurances provided that the spend is appropriate to our Trust.
- Business and other (non Government income) has increased significantly between 2015 -17 representing excellent value for money as these funds are reinvested in our core purpose.
- The Trust tendering policy ensures that tenders/quotes are obtained as appropriate to ensure value for money with all major projects.
- Cash flow forecasts are used to identify and invest surplus cash balances to maximise bank interest receivable. The Trusts investment policy allows Trustees to monitor within the guidelines of the policy, the activities of the Trusts authorised personnel in this investment practice.
- The Trustees are committed to using the services of high quality Auditors to gain comfort on the internal financial and risk systems and processes in operation in the Trust.
- The Trust has continued to strengthen its risk management process throughout the year by improving the process and enhancing Trustee Governor and staff awareness. The risk register review process has been improved further with the allocation of specific areas to individual committees for regular review which is monitored by the MGB. Internal control processes have also been enhanced. This process mitigates risk, protects public funds and ensures that all funds are spent properly with propriety at the heart of all financial transactions.
- Improving academic achievement in line with or exceeding national levels of performance.
- Differentiation in the curriculum along with individual support for those in need particularly the students eligible for pupil premium and those with special needs.
- Development of a sixth form in collaboration with local schools that is staffed by teachers from within the Trust.
- Employment of staff with suitable experience and at a reasonable cost to ensure where possible, that overall staffing salaries do not exceed 80% of total income.
- Ensuring that annual service contracts are regularly benchmarked against local schools and academies
- Competitive quotations for products, services and contracts.



## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (continued)**

- Ensuring that tendering procedures are robust when the value of products or works exceeds recognised levels.
- Endeavouring to increase income generation through greater community use of facilities such as the sports centre and arts theatre and general lettings, as well as trading out much needed local education services to other schools.

#### **Ensuring the operation of the Trust demonstrates good value for money and efficient, effective use of resources**

- The Trust regularly benchmarks financial performance against other academy trusts to demonstrate it achieves good value for money. Tender exercises are undertaken for high value procurement supported by professional and independent evaluation and assessments of the responses to tenders before any decision is made.
- For purchases above £3,000 but below the tender limit 3 quotations are obtained where possible.
- Review of all cost areas is periodically undertaken to challenge supplier price and use the Trust's commercial status to drive efficiency and protection from cost pressure.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 North Essex Multi-Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of 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 Trustees;
- regular reviews by the Finance, Premises & HR Committee 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey LLP as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems and reconciliation processes
- Testing of income monitoring against budgets
- Testing of purchase and procurement systems
- Testing of all internal control account reconciliations/bank reconciliations
- Testing of adherence to the agreed financial regulations policy for the Trust

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (continued)**

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Risk & Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of works as planned and no material control issues arose.

#### **REVIEW OF EFFECTIVENESS**

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Premises & HR Committee and Risk & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 12 December 2017 and signed, by:

**D Gask**  
**Chair of Trustees**

**D Conway**  
**Accounting Officer**

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

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

As Accounting Officer of North Essex Multi-Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the 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 2016.

I confirm that no 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.

**D Conway**  
**Accounting Officer**

Date: 12 December 2017

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (UKGAAP) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 12 December 2017 and signed by:

**D Gask**  
**Chair of Trustees**

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH ESSEX MULTI-ACADEMY TRUST**

#### **OPINION**

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

This Report is made solely to the Trust'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 Trust's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

#### **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 Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 financial statements are authorised for issue.

#### **OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH ESSEX MULTI-ACADEMY TRUST

#### OPINION 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 (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law 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 (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 Trust or to cease operations, or have no realistic alternative but to do so.

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

Mr Gary Miller (Senior Statutory Auditor)  
for and on behalf of  
**Price Bailey LLP**  
Chartered Accountants and Statutory Auditors  
Causeway House, 1 Dane Street  
Bishop's Stortford, Hertfordshire, CM23 3BT  
14 December 2017

## **NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTH ESSEX MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Essex Multi-Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to North Essex Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to North Essex Multi-Academy Trust and the 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 North Essex Multi-Academy Trust and the ESFA, for our work, for this Report, or for the conclusion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF NORTH ESSEX MULTI-ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of North Essex Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the 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 Trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTH  
ESSEX MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

14 December 2017



**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transferred on conversion	2	32,816	(1,162,000)	7,842,458	6,713,274	-
Other donations and capital grants	2	-	260,011	460,415	720,426	826,991
Charitable activities	5	490,194	12,365,248	-	12,855,442	11,206,769
Other trading activities	3	704,535	193,402	-	897,937	695,622
Investments	4	1,149	-	-	1,149	3,090
<b>TOTAL INCOME</b>		<u>1,228,694</u>	<u>11,656,661</u>	<u>8,302,873</u>	<u>21,188,228</u>	<u>12,732,472</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		1,481,486	13,541,253	880,895	15,903,634	14,375,158
<b>TOTAL EXPENDITURE</b>	6	<u>1,481,486</u>	<u>13,541,253</u>	<u>880,895</u>	<u>15,903,634</u>	<u>14,375,158</u>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(252,792)	(1,884,592)	7,421,978	5,284,594	(1,642,686)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	1,863,000	-	1,863,000	(2,762,000)
<b>NET MOVEMENT IN FUNDS</b>		<u>(252,792)</u>	<u>(21,592)</u>	<u>7,421,978</u>	<u>7,147,594</u>	<u>(4,404,686)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		987,511	(6,768,047)	17,577,178	11,796,642	16,201,328
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>734,719</u></u>	<u><u>(6,789,639)</u></u>	<u><u>24,999,156</u></u>	<u><u>18,944,236</u></u>	<u><u>11,796,642</u></u>

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)  
REGISTERED NUMBER: 07687474**

**BALANCE SHEET  
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		24,716,831		17,415,693
<b>CURRENT ASSETS</b>					
Debtors	14	692,256		894,214	
Cash at bank and in hand		1,296,826		1,078,199	
		<u>1,989,082</u>		<u>1,972,413</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(895,677)		(738,464)	
<b>NET CURRENT ASSETS</b>			<u>1,093,405</u>		<u>1,233,949</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>25,810,236</u>		<u>18,649,642</u>
Defined benefit pension scheme liability	21		(6,866,000)		(6,853,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>18,944,236</u></u>		<u><u>11,796,642</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	76,361		84,953	
Restricted fixed asset funds	16	24,999,156		17,577,178	
Restricted income funds excluding pension liability		25,075,517		17,662,131	
Pension reserve		(6,866,000)		(6,853,000)	
Total restricted income funds			<u>18,209,517</u>		<u>10,809,131</u>
Unrestricted income funds	16		734,719		987,511
<b>TOTAL FUNDS</b>			<u><u>18,944,236</u></u>		<u><u>11,796,642</u></u>

The financial statements on pages 23 to 44 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

**D Gask**  
Chair of Trustees

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	18	217,478	(1,284,819)
<b>Cash flows from investing activities:</b>			
Interest received		1,149	3,090
<b>Net cash provided by investing activities</b>		1,149	3,090
<b>Change in cash and cash equivalents in the year</b>		218,627	(1,281,729)
Cash and cash equivalents brought forward		1,078,199	2,359,928
<b>Cash and cash equivalents carried forward</b>	19	1,296,826	1,078,199

# NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 1. ACCOUNTING POLICIES

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

#### 1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

North Essex Multi-Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

#### 1.2 Company status

The Trust is a Company limited by guarantee. The Members are noted on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The registered office is Notley Road, Braintree, Essex, CM7 1WY.

#### 1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the DfE.

#### 1.4 Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

# NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 1. ACCOUNTING POLICIES (continued)

#### 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 allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

#### 1.6 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 Trust 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 financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.7 Tangible fixed assets and depreciation

All assets costing more than £10,000 are capitalised 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	50 years straight line
Long term leasehold land	-	50 years straight line
Fixtures and fittings	-	10 years 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 incorporating Income and Expenditure Account.

#### 1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

# NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 1. ACCOUNTING POLICIES (continued)

#### 1.9 Taxation

The 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 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.

#### 1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### 1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### 1.12 Liabilities and provisions

Liabilities and provisions 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### 1.13 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 as detailed in note 14. 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 costs as detailed in note 15. 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 instruments.

#### 1.14 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

# NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 1. ACCOUNTING POLICIES (continued)

#### 1.14 Pensions (continued)

The LGPS is a funded scheme and the assets are held separately from those of the 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 incorporating Income and Expenditure Account 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.

#### 1.15 Agency Arrangements

The Trust acts as an agent administering the 'Mid-Essex Initial Teacher Training' scheme (MEITT), Notley Family of Schools' (NFOS), PLN and BAP. Payments received and subsequent disbursements to students and trainees are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account as the Trust does not have control over the charitable application of the funds. For MEITT the Trust can use a proportion of the costs towards its own administration costs and this is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account. The funds received and paid and any balances held are disclosed in note 25.

#### 1.16 Critical accounting estimates and areas of judgment

Estimates and judgments 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 Trustees make 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transferred on conversion	32,816	(1,162,000)	7,842,458	6,713,274	-
Donations	-	260,011	-	260,011	307,951
Capital grants	-	-	460,415	460,415	519,040
Subtotal	-	260,011	460,415	720,426	826,991
	32,816	(901,989)	8,302,873	7,433,700	826,991
<i>Total 2016</i>	-	307,951	519,040	826,991	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	245,230	-	245,230	172,092
Other income	459,305	193,402	652,707	523,530
	704,535	193,402	897,937	695,622
<i>Total 2016</i>	607,631	87,991	695,622	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,149	1,149	3,090
<i>Total 2016</i>	3,090	3,090	



**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	11,304,651	11,304,651	9,878,915
Other DfE / ESFA grants	-	620,918	620,918	410,746
Start up grant	-	17,200	17,200	87,187
	<u>-</u>	<u>11,942,769</u>	<u>11,942,769</u>	<u>10,376,848</u>
<b>Other government grants</b>				
Local Authority grants	-	422,479	422,479	364,632
	<u>-</u>	<u>422,479</u>	<u>422,479</u>	<u>364,632</u>
<b>Other funding</b>				
Catering Income	490,194	-	490,194	465,289
	<u>490,194</u>	<u>-</u>	<u>490,194</u>	<u>465,289</u>
	<u>490,194</u>	<u>12,365,248</u>	<u>12,855,442</u>	<u>11,206,769</u>
<i>Total 2016</i>	<u><u>465,290</u></u>	<u><u>10,741,479</u></u>	<u><u>11,206,769</u></u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
<b>Education:</b>					
Direct costs	9,242,984	-	1,089,706	10,332,690	8,763,263
Support costs	2,620,796	1,400,255	1,549,893	5,570,944	5,611,894
	<u>11,863,780</u>	<u>1,400,255</u>	<u>2,639,599</u>	<u>15,903,634</u>	<u>14,375,157</u>
<i>Total 2016</i>	<u><u>9,622,883</u></u>	<u><u>1,395,669</u></u>	<u><u>3,356,605</u></u>	<u><u>14,375,157</u></u>	

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**7. CHARITABLE ACTIVITIES**

	2017 £	2016 £
Direct costs	10,332,690	8,763,263
Support costs	5,678,452	5,611,894
	<hr/>	<hr/>
Total	16,011,142	14,375,157
	<hr/> <hr/>	<hr/> <hr/>

Analysis of support costs	2017 £	2016 £
Support staff costs	2,620,796	2,217,136
Depreciation	541,320	384,471
Technology costs	223,248	181,291
Premises costs	858,935	1,395,669
Other support costs	1,401,095	1,337,015
Governance costs	33,058	96,312
	<hr/>	<hr/>
Total	5,678,452	5,611,894
	<hr/> <hr/>	<hr/> <hr/>

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned or leased by the Trust	541,320	384,471
Auditors' remuneration - audit	13,000	12,500
Auditors' remuneration - other services	12,175	5,150
Operating lease rentals	87,297	88,783
Write off costs	-	538,488
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	8,986,231	7,356,524
Social security costs	816,802	600,267
Pension costs	1,965,010	1,396,214
	<u>11,768,043</u>	<u>9,353,005</u>
Apprenticeship levy	9,947	-
Supply teacher costs	85,790	210,347
Staff restructuring costs	-	59,531
	<u><u>11,863,780</u></u>	<u><u>9,622,883</u></u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2016: £59,531).

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

	2017 No.	2016 No.
Teachers	154	140
Administration and support	207	183
Management	19	16
	<u>380</u>	<u>339</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	141	114
Administration and support	130	103
Management	19	16
	<u>290</u>	<u>233</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	4	3
In the band £ 70,001 - £ 80,000	2	2
In the band £100,001 - £110,000	1	1

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Trust was £411,975 (2016 - £362,665).

Included in the above are employer pension contributions of £51,973 (2016 - £45,267) and employer national insurance contributions of £39,587 (2016 - £26,319).

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
D Conway, Accounting Officer	Remuneration	105,000-110,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000
N Vosper	Remuneration		20,000-25,000
	Pension contributions paid		0-5,000
R James	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year ended 31 August 2017, expenses totalling £462 (2016 - £317) were reimbursed to 1 Trustee (2016 - 2).

#### 11. CENTRAL SERVICES

The Trust has provided the following central services to its Academies during the year:

- Financial and business support (including audit).
- Payroll services.
- Central technology costs.
- Other professional services.

As this is the first year the Trust has had central services, it has charged the individual Schools an arbitrary amount with Notley High School picking up the remaining cost. Going forward into 2017/18 onwards the Trust will be allocating central services based on pupil numbers.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Notley High School	31,209	-
The Ramsey Academy	36,000	-
Richard de Clare Academy	36,000	-
Total	<u>103,209</u>	<u>-</u>

#### 12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 September 2016	19,956,790	45,348	20,002,138
Transfers on conversion	7,842,458	-	7,842,458
	27,799,248	45,348	27,844,596
<b>Depreciation</b>			
At 1 September 2016	2,569,675	16,770	2,586,445
Charge for the year	536,785	4,535	541,320
	3,106,460	21,305	3,127,765
<b>Net book value</b>			
At 31 August 2017	24,692,788	24,043	24,716,831
At 31 August 2016	17,387,115	28,578	17,415,693

**14. DEBTORS**

	2017 £		2016 £
Trade debtors	15,010		22,099
VAT	34,579		114,730
Prepayments and accrued income	642,667		757,385
	692,256		894,214
	692,256		894,214

**15. CREDITORS: Amounts falling due within one year**

	2017 £		2016 £
Trade creditors	47,655		98,506
Other taxation and social security	201,439		172,087
Other creditors	436,117		205,349
Accruals and deferred income	210,466		262,522
	895,677		738,464
	895,677		738,464
<b>Deferred income</b>			
Deferred income at 1 September 2016	60,023		95,560
Resources deferred during the year	190,617		60,023
Amounts released from previous years	(60,023)		(95,560)
	190,617		60,023
Deferred income at 31 August 2017	190,617		60,023

The majority of resources deferred at the period end relate to school trip and events income.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**16. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Resources expended £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>					
Unrestricted funds	987,511	1,228,694	(1,481,486)	-	734,719
<b>Restricted funds</b>					
General Annual Grant (GAG)	-	11,304,651	(11,304,651)	-	-
Other DfE/ESFA grants	-	638,118	(638,118)	-	-
SEN funding	-	251,229	(251,229)	-	-
Other Government grants	-	171,250	(171,250)	-	-
Startup grant / capacity grant	7,185	-	(7,185)	-	-
Tango	-	8,105	(8,105)	-	-
School fund	77,768	353,447	(354,854)	-	76,361
Other restricted funds	-	91,861	(91,861)	-	-
Pension reserve	(6,853,000)	(1,162,000)	(714,000)	1,863,000	(6,866,000)
	(6,768,047)	11,656,661	(13,541,253)	1,863,000	(6,789,639)
<b>Restricted fixed asset funds</b>					
Restricted fixed asset fund	17,415,693	7,842,458	(541,320)	-	24,716,831
Devolved Formula Capital	28,676	43,415	(72,091)	-	-
Condition Improvement Fund	132,809	417,000	(267,484)	-	282,325
	17,577,178	8,302,873	(880,895)	-	24,999,156
Total restricted funds	10,809,131	19,959,534	(14,422,148)	1,863,000	18,209,517
Total of funds	11,796,642	21,188,228	(15,903,634)	1,863,000	18,944,236

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Resources expended £	Gains/ (losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>					
Unrestricted funds	1,597,199	1,164,000	(1,773,688)	-	987,511
	1,597,199	1,164,000	(1,773,688)	-	987,511

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**16. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	-	9,933,834	(9,933,834)	-	-
Other DfE/ESFA grants	-	645,065	(645,065)	-	-
School trips	32,206	282,951	(237,389)	-	77,768
SEN funding	-	110,383	(110,383)	-	-
Other Government grants	-	52,198	(52,198)	-	-
Startup grant / capacity grant	-	25,000	(17,815)	-	7,185
Pension reserve	(3,778,000)	-	(313,000)	(2,762,000)	(6,853,000)
	<u>(3,745,794)</u>	<u>11,049,431</u>	<u>(11,309,684)</u>	<u>(2,762,000)</u>	<u>(6,768,047)</u>

**Restricted fixed asset funds**

Restricted fixed asset funds	18,338,652	-	(922,959)	-	17,415,693
Devolved Formula Capital Fund	-	43,395	(14,719)	-	28,676
Condition Improvement Fund	11,271	475,645	(354,107)	-	132,809
	<u>18,349,923</u>	<u>519,040</u>	<u>(1,291,785)</u>	<u>-</u>	<u>17,577,178</u>
Total restricted funds	<u>14,604,129</u>	<u>11,568,471</u>	<u>(12,601,469)</u>	<u>(2,762,000)</u>	<u>10,809,131</u>
Total of funds	<u><u>16,201,328</u></u>	<u><u>12,732,471</u></u>	<u><u>(14,375,157)</u></u>	<u><u>(2,762,000)</u></u>	<u><u>11,796,642</u></u>

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

**Unrestricted funds**

This represents income received that does not have restrictions.

**General Annual Grant (GAG)**

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**Other DfE/ESFA grants**

This represents various grants from the DfE and ESFA for the provision of specific services to pupils of the Schools.

**SEN funding**

This income represents restricted funding from the Local Authority and is used towards the education of pupils with special educational needs and disabilities.

**Other Government grants**

This represents grants from national Government bodies for the provision of specific services to pupils of the Schools.

**School fund**

This represents the separate school funds that are held by each individual School, mostly relating to trips.

**Other restricted**

This represents income received at Trust level and is restricted in nature.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**16. STATEMENT OF FUNDS (continued)**

**Pension reserve**

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from state controlled schools.

**Restricted fixed asset funds**

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

**Devolved Formula Capital Fund**

The Trust is to use the Devolved Formula Capital allocation to maintain and improve its buildings and facilities.

**Condition Improvement Fund**

Condition Improvement Funding is to be applied to specific capital and maintenance projects.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Notley High School	206,302	176,114
The Ramsey Academy	537,666	896,350
Richard de Clare Academy	67,112	-
	811,080	1,072,464
Total before fixed asset fund and pension reserve		
Restricted fixed asset fund	24,999,156	17,577,178
Pension reserve	(6,866,000)	(6,853,000)
	18,944,236	11,796,642
Total	18,944,236	11,796,642

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Notley High School	5,586,254	1,672,254	369,337	1,780,351	9,408,196	9,108,262
The Ramsey Academy	2,436,478	644,180	125,935	899,685	4,106,278	4,030,871
Richard de Clare Academy	1,220,252	304,362	55,539	267,687	1,847,840	-
	9,242,984	2,620,796	550,811	2,947,723	15,362,314	13,139,133
	9,242,984	2,620,796	550,811	2,947,723	15,362,314	13,139,133



**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	24,716,831	24,716,831
Current assets	895,898	810,859	282,325	1,989,082
Creditors due within one year	(161,179)	(734,498)	-	(895,677)
Provisions for liabilities and charges	-	(6,866,000)	-	(6,866,000)
	<u>734,719</u>	<u>(6,789,639)</u>	<u>24,999,156</u>	<u>18,944,236</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	1	-	17,415,692	17,415,693
Current assets	1,725,973	84,953	161,486	1,972,412
Creditors due within one year	(738,463)	-	-	(738,463)
Provisions for liabilities and charges	-	(6,853,000)	-	(6,853,000)
	<u>987,511</u>	<u>(6,768,047)</u>	<u>17,577,178</u>	<u>11,796,642</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	5,284,594	(1,642,686)
<b>Adjustment for:</b>		
Depreciation charges	541,320	384,471
Interest received	(1,149)	(3,090)
Decrease/(increase) in debtors	201,958	(652,974)
Increase/(decrease) in creditors	157,213	(222,028)
Defined benefit pension scheme inherited on conversion	1,162,000	-
Defined benefit pension scheme adjustment	714,000	313,000
Assets written off	-	538,488
Fixed assets transferred on conversion	(7,842,458)	-
<b>Net cash provided by/(used in) operating activities</b>	<u>217,478</u>	<u>(1,284,819)</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	1,296,826	1,078,199
<b>Total</b>	<u>1,296,826</u>	<u>1,078,199</u>

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 20. CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 Richard de Clare Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to North Essex Multi-Academy Trust from Essex County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from Local Authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	7,842,458	7,842,458
Budget surplus/(deficit) on LA funds	32,816	-	-	32,816
LGPS pension surplus/(deficit)	-	(1,162,000)	-	(1,162,000)
Net assets/(liabilities)	<u>32,816</u>	<u>(1,162,000)</u>	<u>7,842,458</u>	<u>6,713,274</u>

The above net assets/liabilities include £32,816 that were transferred as cash.

#### 21. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £179,430 were payable to the schemes at 31 August 2017 (2016 - £142,102) and are included within creditors.

##### Teachers' Pension Scheme

###### Introduction

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

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

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 21. PENSION COMMITMENTS (continued)

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £993,679 (2016 - £852,252).

A copy of the Valuation Report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

##### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £615,000 (2016 - £405,000), of which employer's contributions totalled £468,000 (2016 - £284,000) and employees' contributions totalled £147,000 (2016 - £121,000). The agreed contribution rates for future years are 12.4% for employers and 5.5 and 8.5% for employees.

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.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**21. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	11,313,000	9,798,000
Discount rate -0.1%	11,889,000	10,288,000
Mortality assumption - 1 year increase	11,977,000	10,300,000
Mortality assumption - 1 year decrease	11,230,000	9,787,000
CPI rate +0.1%	11,837,000	10,236,000
CPI rate -0.1%	11,366,000	9,850,000

The Trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	3,089,000	2,199,000
Gilts	294,000	127,000
Corporate bonds	185,000	-
Property	458,000	351,000
Cash and other liquid assets	145,000	96,000
Alternative assets	361,000	127,000
Other managed funds	200,000	286,000
<b>Total market value of assets</b>	<b>4,732,000</b>	<b>3,186,000</b>

The actual return on scheme assets was £579,000 (2016 - £393,000).

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**21. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(1,011,000)	(544,000)
Interest income	88,000	105,000
Interest cost	(258,000)	(248,000)
	(1,181,000)	(687,000)

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	10,040,000	6,175,000
Upon conversion	1,645,000	-
Current service cost	1,011,000	544,000
Interest cost	258,000	248,000
Employee contributions	147,000	121,000
Actuarial (gains)/losses	(1,459,000)	2,978,000
Benefits paid	(44,000)	(26,000)
	11,598,000	10,040,000

Movements in the fair value of the Trust's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	3,187,000	2,397,000
Upon conversion	483,000	-
Interest income	88,000	105,000
Actuarial losses	404,000	216,000
Employer contributions	468,000	374,000
Employee contributions	147,000	121,000
Benefits paid	(44,000)	(26,000)
Administrative cost	(1,000)	-
	4,732,000	3,187,000

## NORTH ESSEX MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	64,059	52,375
Between 1 and 5 years	38,381	54,739
Total	<u>102,440</u>	<u>107,114</u>

#### 23. RELATED PARTY TRANSACTIONS

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle states in the Academies Financial Handbook.

There were no related party transactions during the year.

#### 24. MEMBERS' LIABILITY

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

#### 25. AGENCY ARRANGEMENTS

MEITT - The Trust distributes teacher training funds to trainees as an agent for the partner schools in respect of Initial Teacher Training. As the Trust has no discretion about the use of the funds the income and expenditure relating to MEITT is not recognised in these accounts. However included in cash at bank is £161,179 relating to the MEITT bank balance which is also included in creditors.

NFOS - The Trust manages the income and expenditure for a Best Practice Group of schools known as Notley Family of Schools. In the accounting period ending 31 August 2017 the Trust received £68,871 and accounted for expenditure of £68,871. As the Trust has no discretion about the use of the funds the income and expenditure is not recognised in these accounts.

BAP - The Trust manages the income and expenditure. In the accounting period ending 31 August 2017 the Trust received £19,198 and accounted for expenditure of £19,198. As the Trust has no discretion about the use of the funds the income and expenditure is not recognised in these accounts.

PLN - The Trust manages the income and expenditure. In the accounting period ending 31 August 2017 the Trust received £19,439 and accounted for expenditure of £19,439. As the Trust has no discretion about the use of the funds the income and expenditure is not recognised in these accounts.