

**NORTH ESSEX MULTI-ACADEMY TRUST**

**TRUSTEES REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NORTH ESSEX MULTI-ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>Trustees</b>	Mr S Thompson, Executive Headteacher <sup>1</sup> Mr D Gask, Chair of Board <sup>1</sup> Mr R Caryl (resigned 25 February 2014) Mrs A Hicks Mr D Iles (appointed 1 September 2013) <sup>1</sup> Mr T Parrott, Chair Finance and HR <sup>1</sup> Mr B Pentelow <sup>1</sup> Mrs J Turner <sup>1</sup> Mr N Vosper Mrs E Ward (appointed 1 September 2013) <sup>1</sup> Mr D Gee <sup>1</sup>
	1 Member of the Finance and Premises Committee
<b>Company registered number</b>	07687474
<b>Registered and principal office</b>	Notley Road Braintree Essex CM7 1WY
<b>Members</b>	Mr T Parrott Mr B Pentelow Mrs J Turner Mrs A Hicks Mr D Gask
<b>Company secretary</b>	Mr L Hopkins
<b>Chief executive officer</b>	Mr S Thompson
<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

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the North Essex Multi-Academy Trust (NEMAT or the Charitable Company) for the year ended 31 August 2014. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The Charitable Company operates two secondary academies in Essex. Its academies have a combined pupil capacity of 2,150 and a roll of 2,001 in the 2014 school census.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable in this report.

The Academy Trust comprises the following Schools

- Notley High School and Braintree Sixth Form, Braintree, Essex
- Ramsey Academy, Halstead, Essex. Sponsored by Notley High School under the DfE Academy Sponsorship program

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section on page 1.

### **Member's 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.

### **Trustee and Officers' Indemnities**

In accordance with normal commercial practice the academy has purchased insurance to protect Directors, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and details of the costs are disclosed in Note 13 to the accounts.

### **Method of recruitment and appointment or election of Trustees**

Members have the responsibility to recruit and appoint directors/trustees up to a maximum of nine, based on the needs of the Trust.

### **Policies and Procedures adopted for the induction and training of Trustees**

Trustees are expected to participate in appropriate training programs according to their needs and experience. The Trust has a subscription to the Essex Governor Services training package which provides free access to a comprehensive range of induction, training and development programs which can be tailored to individual needs.

### **Organisational Structure**

The governance of the academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Trust Board, which meets on at least three occasions per year, is responsible for setting general policy, adopting an annual plan and budget, monitoring overall performance against targets/objectives including budgets and making major decisions about the direction of the academy trust, capital expenditure and staff appointments. The Accounting Officer (Executive Headteacher of NEMAT) is a member of the Trust Board.

The Trust Board delegates responsibility for the day to day running of each school to a Local Governing Body (LGB). The Senior Leadership Team (SLT) of each school report through their LGB and are responsible at an executive level for implementing policies; responsible for the day to day operation of the school, in particular organising staff, resources and pupils. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following a vetting and safeguarding recruitment process.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

The Accounting Officer of the academy 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.

**Connected Organisations and Related Parties**

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

The Trust 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 has recently taken over the lead of the Mid Essex Initial Teacher Training SCITT (Teacher Training Program).

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and aim of the Charitable Company is the operation of schools to provide free education and care for pupils of different abilities.

**Strategies and Activities**

During the year the individual schools have worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- striving to raise the standard of educational achievement of all pupils;
- improving the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the academy's business in accordance with the highest standards of integrity
- providing a rounded education that prepares each pupil for progression into further academic/vocational study or the workplace.

The Trust Board aims to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

**Public Benefit**

The Trust Board believes that by working towards the objects and aims of the Academy Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**STRATEGIC REPORT**

**Achievements and Performance**

In 2014 at Notley High School, 62% of the Year 11 students achieved 5 or more A\*-C grades, with 52% achieving this measure including English and Mathematics. These results were adversely impacted by national examination changes like many similar schools. Pupil progress data and achievement across the whole curriculum was good and 99% of students achieved at least one A\*-G grade. Performance of Pupil Premium students improved considerably. In the Sixth Form, 38% of A2 results were A\*-B, an improvement on the prior year, and 98% of HE applicants found university places.

The Ramsey Academy achieved record breaking GCSE results in 2014. The number of students achieving 5 GCSEs including English and Maths increased from 41% to 60%. All other performance indicators also increased, including number of students making expected or good progress in English and Maths, EBAC subjects and achievement of Pupil Premium students. The progress in these measures justifies the decision by Ofsted to judge the school as 'Good' at the last inspection, as clear improvements have been made and current in-house data indicates this trend is predicted to continue.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

The appointment of a new Headteacher at the Ramsey Academy in September 2014 is the only significant change to the leadership structure of the Academy Trust. Both schools are now focussing attention on the new 'Best Eight' measure of school performance being phased in from 2015 as a replacement for the 5 A\*-C league tables.

**Key Performance Indicators**

The Trustees receive regular information to enable them to monitor the performance of the constituent schools compared to aims, strategies and financial budgets. As funding is based on pupil numbers, these are a key performance indicator and the total pupil number decreased in 2014 to 2,001 from 2,026 in 2013.

Notley High School remains oversubscribed with an admission number of 240 and the size of the Sixth Form has increased. At the Ramsey Academy, addressing the decline in pupil numbers over the last few years is a major priority in order to ensure sustainability. Admissions in September 2013 increased to 101 and this upward trend is forecast to continue with 118 admissions achieved in September 2014 and a 25% increase in initial applications received for 2015. There is still some way to go to meet target Pupil Admission Number(PAN) target of 130. Local Authority figures initially indicate there may be a slight decline in the number of students in the next two years as there is a drop in primary school numbers currently in the five main feeder schools. This makes the recruitment of students from outside the primary catchment area a priority.

**Going concern**

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**FINANCIAL REVIEW**

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the EFA. For the year ended 31 August 2014 the Trust received £12,449,578 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy Trust spent all of its restricted funds and also had a surplus of £1,640,777 from its unrestricted funds.

**Reserves policy**

The Trust Board always aims to set a balanced budget, with annual income balancing annual expenditure, but the Board is also aware of the requirement to balance current and future needs. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,392,707. Most of this reserve comes from additional funding from Essex County Council for Ramsey, to provide financial stability while pupil numbers grow back.

The cash balance of the Academy Trust has been very healthy all year, ending the year with a balance of £2,342,812. The Directors have determined that they should hold a cash contingency of approximately £500,000 to meet working capital requirements. Other balances, which includes the sum of £750,000 being specifically held to meet the effects of the reduction in income arising from the projected fall in pupil numbers at Ramsey over the next three years, are held to cover the costs of a significant refurbishment of a teaching block at Ramsey.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £3,610,000. This does not mean that an immediate liability for this amount crystallises but that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

**Investment policy**

The aim of the policy is to ensure funds that the Academy Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Directors do not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at a Finance and HR Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academy Trust 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 EFA, 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 an academy trust, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trust Board assesses the other principal risks and uncertainties facing the Trust as follows:

- The Trust has considerable reliance on continued Government funding through the EFA 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.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. This is particularly important at Ramsey where reputation has slipped over a number of years but is now recovering strongly.
- Safeguarding and child protection – trustees and governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the academy schools is reliant on the quality of its staff and so the trustees and governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - The Trust Board has created an Audit Committee and appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

**PLANS FOR FUTURE PERIODS**

The strategic priority for NEMAT is to develop further the relationships with feeder primary schools. This will improve the transition from Key Stage 2 to Key Stage 3 with the impact of achieving better academic progress for all pupils and a more secure progression of pupils from feeder primaries to Notley and Ramsey.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**PROVISION OF INFORMATION TO AUDITORS**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all the 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.

The auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Trust Board, as the company directors on 16 December 2014 signed on its behalf by:

**Mr D Gask**  
**Chairman**

**NORTH ESSEX MULTI-ACADEMY TRUST**  
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**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 Principal, 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 Trustees' Responsibilities Statement. 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
Mr S Thompson, Executive Headteacher	5	5
Mr D Gask, Chair of Board	5	5
Mr R Caryl	3	3
Mrs A Hicks	3	5
Mr D Iles	4	5
Mr T Parrott, Chair Finance and HR	5	5
Mr B Pentelow	5	5
Mrs J Turner	4	5
Mr N Vosper	4	5
Mrs E Ward	4	5
Mr D Gee	5	5

Governance reviews:

A governance review has been initiated to respond to the change from a single to a multi-academy trust which has occurred over the last twelve months. The review will be concluded in the year ending 31 August 2015.

The Finance and HR Committee is a sub-committee of the main Board of Trustees. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Turner	3	4
Mr D Gask	2	4
Mr T Parrott	4	4
Mr B Pentelow	2	4
Mr S Thompson	4	4
Mr D Iles	3	4
Mrs E Ward	3	4
Mr D Gee	4	4
Mr B Brittain	4	4
Mrs J Sutton	1	4

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**GOVERNANCE STATEMENT (continued)**

The Audit Committee was formed on 18 March 2014. Its purpose is to address audit and related finance matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr B Brittain	3	3
Mrs A Wright	3	3
Mr S Thompson, Executive Headteacher	2	2
Mr D Gee	2	2

Mr M Bailey joined the audit committee on 19 September 2014.

**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 academy 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 2013 to 31 August 2014 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 academy 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 academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 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 academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and 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;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Essex County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal auditor delivered his schedule of works as planned and no material control issues were identified.

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**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Principal 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 academy 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 and HR Committee and a plan to address any weakness and ensure the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2014 and signed on its behalf, by:

**Mr D Gask**  
**Chairman**

**Mr S Thompson**  
**Accounting Officer**

**NORTH ESSEX MULTI-ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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 EFA.

**Mr S Thompson**  
**Accounting Officer**

Date: 16 December 2014

**NORTH ESSEX MULTI-ACADEMY TRUST**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees (who act as Trustees of North Essex Multi-Academy Trust and 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 9 December 2014 and signed on its behalf by:

**Mr D Gask**  
**Chairman**

**NORTH ESSEX MULTI-ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF NORTH ESSEX MULTI-ACADEMY TRUST**

We have audited the financial statements of North Essex Multi-Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy'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 academy'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 academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Trustees' Responsibilities Statement, the Governors (who are also the directors of the academy 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.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**NORTH ESSEX MULTI-ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF NORTH ESSEX MULTI-ACADEMY TRUST**

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

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

- 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 are not made; or
- we have not received all the information and explanations we require for our audit.

Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
16 December 2014

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

In accordance with the terms of our engagement letter dated 8 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Essex Multi-Academy Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to North Essex Multi-Academy Trust and EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than North Essex Multi-Academy Trust and EFA, 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 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the accounting officers' statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the academy 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 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mr G Miller (Reporting Accountant)

**Price Bailey LLP**

Chartered Accountants

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

16 December 2014

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Net assets transferred on conversion	3,22	904,871	(940,999)	7,580,001	7,543,873	-
Other voluntary income	3	56,001	314,538	-	370,539	302,392
Activities for generating funds	4	1,131,759	-	-	1,131,759	716,039
Investment income	5	3,824	-	-	3,824	1,328
Incoming resources from charitable activities		-	11,594,392	855,186	12,449,578	9,014,028
<b>TOTAL INCOMING RESOURCES</b>		<b>2,096,455</b>	<b>10,967,931</b>	<b>8,435,187</b>	<b>21,499,573</b>	<b>10,033,787</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		525,930	12,415,197	1,512,164	14,453,291	10,177,974
Governance costs	9	-	121,149	-	121,149	33,101
<b>TOTAL RESOURCES EXPENDED</b>	7	<b>525,930</b>	<b>12,536,346</b>	<b>1,512,164</b>	<b>14,574,440</b>	<b>10,211,075</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		1,570,525	(1,568,415)	6,923,023	6,925,133	(177,288)
Transfers between funds	17	(402,871)	413,406	(10,535)	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>						
		1,167,654	(1,155,009)	6,912,488	6,925,133	(177,288)
Actuarial gains and losses on defined benefit pension schemes		-	119,000	-	119,000	(127,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>						
		1,167,654	(1,036,009)	6,912,488	7,044,133	(304,288)
Total funds at 1 September 2013		473,123	(2,403,820)	12,138,078	10,207,381	10,511,669
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>1,640,777</b>	<b>(3,439,829)</b>	<b>19,050,566</b>	<b>17,251,514</b>	<b>10,207,381</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 35 form part of these financial statements.

**NORTH ESSEX MULTI-ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**REGISTERED NUMBER: 07687474**

**BALANCE SHEET  
AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		18,995,885		12,043,632
<b>CURRENT ASSETS</b>					
Debtors	15	484,429		411,407	
Cash at bank and in hand		2,342,812		863,021	
		<u>2,827,241</u>		<u>1,274,428</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(961,612)		(650,679)	
<b>NET CURRENT ASSETS</b>			<u>1,865,629</u>		<u>623,749</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>20,861,514</u>		<u>12,667,381</u>
Defined benefit pension scheme liability	23		(3,610,000)		(2,460,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>17,251,514</u></u>		<u><u>10,207,381</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds :					
Restricted funds	17	170,171		56,180	
Restricted fixed asset funds	17	19,050,566		12,138,078	
		<u>19,220,737</u>		<u>12,194,258</u>	
Restricted funds excluding pension liability					
Pension reserve		(3,610,000)		(2,460,000)	
		<u></u>		<u></u>	
Total restricted funds			15,610,737		9,734,258
Unrestricted funds	17		1,640,777		473,123
<b>TOTAL FUNDS</b>			<u><u>17,251,514</u></u>		<u><u>10,207,381</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2014 and are signed on their behalf, by:

**Mr D Gask**  
Chairman

The notes on pages 19 to 35 form part of these financial statements.

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	19	645,478	576,231
Returns on investments and servicing of finance - interest received	20	3,824	1,328
Capital expenditure	20	(130,383)	(45,405)
Cash transferred on conversion to an academy trust		960,872	-
<b>INCREASE IN CASH IN THE YEAR</b>		<u>1,479,791</u>	<u>532,154</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase in cash in the year	<u>1,479,791</u>	<u>532,154</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	1,479,791	532,154
Net funds at 1 September 2013	<u>863,021</u>	<u>330,867</u>
<b>NET FUNDS AT 31 AUGUST 2014</b>	<u>2,342,812</u>	<u>863,021</u>

The notes on pages 19 to 35 form part of these financial statements.

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The academy is a company limited by guarantee. Those members who are governors are noted on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

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

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 2014**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

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

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

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

The Governors 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 academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the the carrying value of the asset may not be recoverable.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	25 years straight line
Long Term Leasehold Land	-	125 years straight line
Fixtures and fittings	-	5 years straight line

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities 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 2014**

**1. ACCOUNTING POLICIES (continued)**

**1.9 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy 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 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a pension interest adjustment in note 8. Actuarial gains and losses are recognised immediately in other gains and losses.

**1.11 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The Ramsey College to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

**NORTH ESSEX MULTI-ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**2. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the Academy	758,131	519,946
Auditors' remuneration	12,000	6,000
Statutory auditors other costs including EFA comparison study audit	22,250	3,350
Governance Internal audit costs	1,200	1,200
	793,581	530,746

**3. OTHER VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Net assets transferred on conversion	904,871	6,639,002	7,543,873	-
Donations	56,001	314,538	370,539	302,392
Voluntary income	960,872	6,953,540	7,914,412	302,392
	1,921,744	7,267,080	9,188,824	604,784

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of Facilities	120,602	-	120,602	18,774
Catering Income	345,360	-	345,360	244,178
Other Income	665,797	-	665,797	453,087
	1,131,759	-	1,131,759	716,039

**5. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank Interest	3,824	-	3,824	1,328
	3,824	-	3,824	1,328

**NORTH ESSEX MULTI-ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	10,457,003	10,457,003	7,523,190
Other DfE / EFA grants	-	623,362	623,362	255,042
Start up grant	-	179,400	179,400	-
Capital Grants	-	855,186	855,186	800,677
	-	12,114,951	12,114,951	8,578,909
<b>Other government grants</b>				
Local authority grants	-	334,627	334,627	435,119
	-	334,627	334,627	435,119
	-	12,449,578	12,449,578	9,014,028

**7. RESOURCES EXPENDED**

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Direct costs	7,438,570	-	1,283,124	8,721,694	6,103,348
Support costs	1,858,568	2,409,071	1,463,958	5,731,597	4,074,626
<b>Charitable activities</b>	9,297,138	2,409,071	2,747,082	14,453,291	10,177,974
<b>Governance</b>	-	-	121,149	121,149	33,101
	9,297,138	2,409,071	2,868,231	14,574,440	10,211,075

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

<b>Individual items above £5,000</b>			
	Total £	Amount £	Reason
Ex-gratia/compensation payments	18,000	18,000	Settlement by mutual agreement

In reaching a decision to make this discretionary payment, the Trustees have duly considered whether the payment represents best value for money for the Academy.

**NORTH ESSEX MULTI-ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**8. CHARITABLE ACTIVITIES**

	Total funds 2014 £	Total funds 2013 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	5,859,881	4,125,664
National insurance	445,921	321,610
Pension cost	908,037	618,117
Educational supplies	739,972	581,120
Examination fees	198,534	123,093
Staff development	85,144	36,338
Educational consultancy	249,826	61,895
Travel & subsistence	2,436	2,594
Other costs	7,212	5,846
Supply teaching	224,731	227,071
	<u>8,721,694</u>	<u>6,103,348</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,507,234	1,227,894
National insurance	66,718	57,763
Pension cost	266,616	185,772
Depreciation	758,131	519,946
LGPS FRS17 adjustment	149,000	78,000
Technology costs	141,583	173,659
Travel & subsistence	13,821	22,309
Other costs	627,674	261,740
Recruitment & support	72,088	33,562
Maintenance of premises & machinery	1,110,207	883,640
Cleaning	103,851	30,198
Rates	113,339	39,854
Energy	191,106	133,841
Insurance	108,503	55,483
Security	23,836	8,818
Catering	243,414	162,835
Occupancy costs	97,813	53,756
Bank interest & charges	9,309	8,732
Telephone costs	21,468	18,459
Printing, postage and stationery	105,886	84,265
Federation legal fees	-	34,100
	<u>5,731,597</u>	<u>4,074,626</u>
	<u>14,453,291</u>	<u>10,177,974</u>

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**9. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Internal audit costs	-	1,200	1,200	1,200
Auditor's Remuneration - audit of financial statements	-	12,000	12,000	6,000
Statutory auditors other costs including EFA comparison study audit	-	21,050	21,050	-
Legal and professional	-	86,899	86,899	25,901
	<u>-</u>	<u>121,149</u>	<u>121,149</u>	<u>33,101</u>

**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	7,367,115	5,353,558
Social security costs	512,639	379,373
Other pension costs (Note 23)	1,174,653	803,889
	<u>9,054,407</u>	<u>6,536,820</u>
Supply teacher costs	224,731	227,071
Staff restructuring costs	18,000	-
	<u>9,297,138</u>	<u>6,763,891</u>

**b. Staff severance payments**

Staff restructuring costs represents a non-contractual severance payment of £18,000.

This matter was fully disclosed at the Finance & HR Committee meetings and the appointed HR advisors from the local authority independently handled the whole matter in conjunction with the union representation and agreed the severance payments after final referral to the Headteacher.

**c. Staff numbers**

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	113	91
Administration and support	121	92
Management	17	11
	<u>251</u>	<u>194</u>

**NORTH ESSEX MULTI-ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**10. STAFF (continued)**

**d. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
In the band £ 70,001 - £ 80,000	1	2
In the band £ 80,001 - £ 90,000	1	0
In the band £100,001 - £110,000	1	1
	3	3
	3	3

Each of the above employees participated in the Teachers' Pension Scheme. During the year to 31 August 2013, pension contributions for these staff amounted to £35,916 (2013 - £35,226).

**11. TRUSTEES' REMUNERATION AND EXPENSES**

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the academy in respect of their role as Trustees. The value of Trustees' remuneration including employers pension contributions fell within the following bands:

	2014 £	2013 £
Mr S Thompson	110,000-115,000	110,000-115,000
Mr N Vosper	60,000-65,000	55,000-60,000
Mr D Gee	90,000-95,000	

During the year, expenses totalling £1,075 were reimbursed to 3 Trustees (2013 - £1,098). These related to reimbursements for activities undertaken in respect of their services to the academy as staff members.

**12. CENTRAL SERVICES**

No central services were provided by the academy to its academies during the year and no central charges arose.

**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 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 2014**

**14. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 September 2013	12,530,104	593,091	13,123,195
Additions	-	130,383	130,383
Transfers on conversion	7,426,686	153,315	7,580,001
	<u>19,956,790</u>	<u>876,789</u>	<u>20,833,579</u>
<b>Depreciation</b>			
At 1 September 2013	870,052	209,511	1,079,563
Charge for the year	651,154	106,977	758,131
	<u>1,521,206</u>	<u>316,488</u>	<u>1,837,694</u>
<b>Net book value</b>			
At 31 August 2014	<u>18,435,584</u>	<u>560,301</u>	<u>18,995,885</u>
At 31 August 2013	<u>11,660,052</u>	<u>383,580</u>	<u>12,043,632</u>

**15. DEBTORS**

	2014 £	2013 £
Trade debtors	11,135	32,995
Other debtors	105,476	18,218
Prepayments and accrued income	367,818	360,194
	<u>484,429</u>	<u>411,407</u>

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

	2014 £	2013 £
Other taxation and social security	152,453	114,050
Other creditors	641,427	336,740
Accruals and deferred income	167,732	199,889
	<u>961,612</u>	<u>650,679</u>

**Deferred income**

Deferred income at 1 September 2013	20,930
Resources deferred during the year	159,998
Amounts released from previous years	(20,930)
Deferred income at 31 August 2014	<u>159,998</u>

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**17. STATEMENT OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>Unrestricted funds</b>						
General Funds	473,123	2,096,455	(525,930)	(402,871)	-	1,640,777
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	10,457,003	(10,751,687)	413,406	-	118,722
Other government grants	-	224,447	(224,447)	-	-	-
School Trips	56,180	370,539	(375,270)	-	-	51,449
SEN funding	-	128,441	(128,441)	-	-	-
Other DfE/EFA grants	-	605,101	(605,101)	-	-	-
Startup grant / capacity grant	-	179,400	(179,400)	-	-	-
Pension reserve	(2,460,000)	(997,000)	(272,000)	-	119,000	(3,610,000)
	<u>(2,403,820)</u>	<u>10,967,931</u>	<u>(12,536,346)</u>	<u>413,406</u>	<u>119,000</u>	<u>(3,439,829)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	12,043,632	-	(758,131)	7,710,384	-	18,995,885
Devolved formula capital fund	16,902	41,836	(58,738)	-	-	-
ACMF	77,544	813,350	(695,295)	(140,918)	-	54,681
Assets transferred on conversion	-	7,580,001	-	(7,580,001)	-	-
	<u>12,138,078</u>	<u>8,435,187</u>	<u>(1,512,164)</u>	<u>(10,535)</u>	<u>-</u>	<u>19,050,566</u>
Total restricted funds	<u>9,734,258</u>	<u>19,403,118</u>	<u>(14,048,510)</u>	<u>402,871</u>	<u>119,000</u>	<u>15,610,737</u>
Total of funds	<u><u>10,207,381</u></u>	<u><u>21,499,573</u></u>	<u><u>(14,574,440)</u></u>	<u><u>-</u></u>	<u><u>119,000</u></u>	<u><u>17,251,514</u></u>

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

**Other Government Grants**

This represents grants from national government bodies for the provision of specific services to pupils of the academy.

**School Trips**

This represents contributions made by parents to the running of educational visits for the pupils of the academy and the associated costs of running the trips.

**Pension fund**

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

**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.

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

The transfer of £7,710,384 represents fixed assets transferred on conversion and purchased out of GAG funds.

**Devolved Formula Capital (DFC) fund**

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

**ACMF**

Academies Capital Maintenance Funding is to be applied to specific capital and maintenance projects.

**General Annual Grant (GAG)**

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

Under the funding agreement with the Secretary of State, neither academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

**Analysis of academies by fund balance**

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Notley High School	391,353
The Ramsey Academy	1,419,594
	1,810,947
Total before fixed asset fund and pension reserve	1,810,947
Restricted fixed asset fund	19,050,566
Pension reserve	(3,610,000)
	17,251,513
Total	17,251,513

**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 £
Notley High School	5,211,664	1,324,051	413,263	3,076,083	10,025,061
The Ramsey Academy	2,080,174	407,157	143,963	1,159,954	3,791,248
	7,291,838	1,731,208	557,226	4,236,037	13,816,309
	7,291,838	1,731,208	557,226	4,236,037	13,816,309

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**SUMMARY OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(Losses) £	Carried forward £
General funds	473,123	2,096,455	(525,930)	(402,871)	-	1,640,777
Restricted funds	(2,403,820)	10,967,931	(12,536,346)	413,406	119,000	(3,439,829)
Restricted fixed asset funds	12,138,078	8,435,187	(1,512,164)	(10,535)	-	19,050,566
	<u>10,207,381</u>	<u>21,499,573</u>	<u>(14,574,440)</u>	<u>-</u>	<u>119,000</u>	<u>17,251,514</u>

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

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	18,995,885	18,995,885	12,043,632
Current assets	2,602,389	170,171	54,681	2,827,241	1,274,428
Creditors due within one year	(961,612)	-	-	(961,612)	(650,679)
Provisions for liabilities and charges	-	(3,610,000)	-	(3,610,000)	(2,460,000)
	<u>1,640,777</u>	<u>(3,439,829)</u>	<u>19,050,566</u>	<u>17,251,514</u>	<u>10,207,381</u>

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net incoming resources before revaluations	6,925,133	(177,288)
Returns on investments and servicing of finance	(3,824)	(1,328)
Net assets transferred on conversion	(7,543,873)	-
Depreciation of tangible fixed assets	758,131	519,946
Increase in debtors	(73,022)	(239,359)
Increase in creditors	310,933	338,260
FRS 17 adjustments	272,000	136,000
<b>Net cash inflow from operations</b>	<u>645,478</u>	<u>576,231</u>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>3,824</u>	<u>1,328</u>

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**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(130,383)	(45,405)

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	863,021	1,479,791	-	2,342,812
<b>Net funds</b>	<u>863,021</u>	<u>1,479,791</u>	<u>-</u>	<u>2,342,812</u>

**22. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2013 The Ramsey College 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 Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of Financial Activities as voluntary income.

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.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	7,426,686	7,426,686
- Other tangible fixed assets	-	-	153,315	153,315
Budget surplus on Local Authority funds	904,871	-	-	904,871
Surplus on other school funds	-	56,001	-	56,001
LGPS pension surplus/(deficit)	-	(997,000)	-	(997,000)
<b>Net assets/(liabilities)</b>	<u>904,871</u>	<u>(940,999)</u>	<u>7,580,001</u>	<u>7,543,873</u>

The above net assets include £904,871 that was transferred as cash.

On conversion Essex Local Authority granted a 125 year lease in relation to the leasehold land and buildings.

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**23. PENSION COMMITMENTS**

The academy'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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2012.

Contributions amounting to £130,380 were payable to the scheme at 31 August 2014 (2013 - £91,654) 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.

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

**Valuation of the Teachers' Pension Scheme**

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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**23. PENSION COMMITMENTS (continued)**

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2014 was £289,000, of which employer's contributions totalled £240,000 and employees' contributions totalled £77,000. The agreed contribution rates for future years are 12.3% for employers and between 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.

As described in note 22 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(5,459,000)	(3,460,000)
Fair value of scheme assets	1,849,000	1,000,000
	<u>(3,610,000)</u>	<u>(2,460,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £	2013 £
Current service cost	(455,000)	(279,000)
Interest on obligation	(233,000)	(116,000)
Expected return on scheme assets	84,000	38,000
	<u>(604,000)</u>	<u>(357,000)</u>
Total	(604,000)	(357,000)
	<u>(604,000)</u>	<u>(357,000)</u>
Actual return on scheme assets	173,000	114,000
	<u>173,000</u>	<u>114,000</u>

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**23. PENSION COMMITMENTS (continued)**

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

	2014 £	2013 £
Opening defined benefit obligation	3,460,000	2,798,000
Current service cost	455,000	279,000
Interest cost	233,000	116,000
Contributions by scheme participants	106,000	68,000
Actuarial (Gains)/losses	(14,000)	203,000
Benefits paid	(5,000)	(4,000)
Present value of defined benefit obligation on conversion	1,224,000	-
	<u>5,459,000</u>	<u>3,460,000</u>
Closing defined benefit obligation	5,459,000	3,460,000

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

	2014 £	2013 £
Opening fair value of scheme assets	1,000,000	601,000
Expected return on assets	84,000	38,000
Actuarial gains and (losses)	105,000	76,000
Contributions by employer	332,000	221,000
Contributions by employees	106,000	68,000
Benefits paid	(5,000)	(4,000)
Fair value of scheme assets on conversion	227,000	-
	<u>1,849,000</u>	<u>1,000,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £119,000 (2013 - £127,000).

The academy expects to contribute £336,000 to its Defined Benefit Pension Scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	64.00 %	65.00 %
Gilts	6.00 %	8.00 %
Other Bonds	11.00 %	9.00 %
Property	12.00 %	11.00 %
Cash	3.00 %	3.00 %
Alternative assets	4.00 %	4.00 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Expected return on scheme assets at 31 August	5.30 %	5.80 %
Rate of increase in salaries	4.50 %	4.70 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
Inflation assumption (RPI)	3.50 %	3.70 %

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**23. PENSION COMMITMENTS (continued)**

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

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.3
Retiring in 20 years		
Males	24.9	24.2
Females	27.4	26.9

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(5,459,000)	(3,460,000)	(2,798,000)
Scheme assets	1,849,000	1,000,000	601,000
Deficit	(3,610,000)	(2,460,000)	(2,197,000)
Experience adjustments on scheme assets	105,000	76,000	5,000

**24. OPERATING LEASE COMMITMENTS**

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

	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	27,543	-
Between 2 and 5 years	131,496	134,645
	159,039	134,645

**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy'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 governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year the academy purchased £18,302 of resources from the Colchester Institute, where Mr D Gask is a governor. No amounts were outstanding at the year end. Mr D Gask does not have 20% of the voting power and has no financial or profit share entitlement so transactions with the Colchester Institute are not subject to the 'cost' clauses set out in the financial handbook.

**26. MEMBERS' LIABILITY**

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