

NORTH ESSEX MULTI - ACADEMY TRUST
(Formerly Notley High School & Braintree Sixth Form)

GOVERNORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

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

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

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Governors	Mr S Thompson, Principal ¹ Mr D Gask, Chairman ¹ Mrs J Turner Mrs J Bracewell (resigned 24 January 2013) Mr B Britten Mr R Caryl ¹ Mrs A Comfort Mrs T Gardham Mrs A Hicks Mrs M Morris Mr T Parrott ¹ Mr B Pentelow ¹ Mr M Pickering (resigned 7 May 2013) ¹ Mr R Smith Mr G Sprawling ¹ Miss J Stanley Mr N Vosper ¹ Mr K Yap ¹
	¹ Member of the Finance and Premises Committee
Company registered number	07687474
Principal and registered office	Notley Road Braintree Essex CM7 1WY
Company secretary	Mr L Hopkins
Chief executive officer	Mr S Thompson
Independent auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds TSB Bank Street Braintree

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

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Notley High School & Braintree Sixth Form (the Academy) for the year ended 31 August 2013. The Governors confirm that the annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 28 June 2011. The Academy converted on 1 August 2011. The academy changed its name from Notley High School & Braintree Sixth Form to North Essex Multi - Academy Trust on 15 August 2013.

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.

Governors' Indemnities

Academy insurers encompass all relevant insurance including Governor third party indemnity provision.

Methods, policies and procedures for recruitment, appointment, induction and training of new governors

Governors are appointed for a fixed term. The Headteacher is also a member of the governing body. Parent governors and the staff governors are elected to office or appointed if there are insufficient candidates offering themselves for election.

New governors are required to attend a training programme. The induction programme would involve a tour of the school, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake as governors with particular emphasis on the committee work that they will undertake.

Organisational Structure

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Leadership Team consists of;

Mr Simon Thompson	Headteacher
Mr Robin Newman	Senior Deputy Headteacher
Mrs Rachel Kelly	Deputy Headteacher
Mr Jonathan Fuller	Deputy Headteacher
Mr Nick Vosper	Assistant Headteacher
Mr Martin Higgon	Assistant Headteacher
Mr Tom Baster	Assistant Headteacher
Mr Keith Ferguson	Assistant Headteacher
Mrs Sarah Steadman	Assistant Headteacher & Co-Director Sixth Form
Mrs Kate Stubbs	Assistant Headteacher & Co-Director Sixth Form
Mr Lyndon Hopkins	Business Manager

The team control the Academy at an executive level implementing policies and reporting to the Governing Body. The Leadership Team is responsible for the day to day operation of the Academy, in particular organising staff, resources and children. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment process. The Headteacher is the Accounting Officer.

Related Parties

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures.

NORTH ESSEX MULTI - ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

OBJECTIVES AND ACTIVITIES

Objects and aims

As set out in the Articles of Association, the academy's object is to advance for the public benefit education in the United Kingdom and the provision of community facilities.

The school's core professional purpose is to develop student confidence, encourage independence and celebrate achievement.

The school improvement plan sets out the school's overarching aims to:

- Provide effective staff development;
- Develop outstanding teaching and learning;
- Develop and innovate our curriculum;
- Track student progress and develop intervention strategies to support progress;
- Make effective use of our resources.

The governors confirm they have referred to the guidance contained in the Charity Commission's guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

Achievements and performance

The school continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the school.

In 2013, 58% of students achieved 5 or more GCSEs grades A* to C, including Maths and English, this is below the school's target and also below the national average.

The school maintained its admission number at 240 in Year 7 in September 2012. The number of students continuing their studies post-16 in Braintree Sixth Form has increased dramatically to around 280.

Going Concern

After making appropriate enquiries, the Governing Body 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 academy is the General Annual Grant (GAG) funding that it receives from the Education Funding Agency. For the year ended 31 August 2013 the academy received £7,523,190 (2012 - £7,617,017) in GAG funding. A high percentage of this funding is spent on wages and salaries and support costs to deliver the academies primary objective of the provision of education.

Principal risks and uncertainty

The Academy maintains a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Finance and Premises Committee. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls; for further details, see the Statement of Internal Control below.

The trustees report that the Academy'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.

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

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

The governors assess the principal risks and uncertainties facing the Academy as follows:

- Staff recruitment and retention: possibly the biggest single risk to the Academy would lie in its failure to recruit and retain key staff. However, it is not felt that there are any immediate threats in this regard, and that recent and current developments such as the conversion to academy status, the development of a sixth form and a strong local reputation will aid recruitment and retention.
- Material decrease in income affecting provision: highly unlikely. The budget for 2012-13 is sound, and the school is developing a longer-term financial plan as a contingency against unwelcome future developments.
- Falling rolls: highly unlikely. The school/Academy has been oversubscribed for many years and there is every sign of this continuing.
- Diversion of management resources and specialist teaching skills to the support of Ramsey School in Halstead. This is at the request of Essex County Council and the DfE and it is intended that it will lead to full sponsorship under the DfE Academy Sponsorship program from September 2013. Risks have been minimised by augmentation of the management team and the provision of extra financial support by Essex County Council and the DfE.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade. The Academy is therefore seeking to spread its investment over a number of solid and government-backed institutions.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy, though it has no need for credit facilities.
- The Academy's cash flow is healthy and long-term financial planning predicts it will remain so.

Reserves policy

The Academy's level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £473k. On 1 September 2013 the Trust became federated and is in the process of developing its policies for the year ended 31 August 2014.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the academy is recognising a significant pension fund deficit of £2,460,000 (2012 - £2,197,000). This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The academy is currently making payments of £78,000 per annum towards the deficit and it is envisaged that should this amount be increased it will be met from its budgeted annual income. The recognition of this deficit has no direct impact on the free reserves of the Academy Trust.

Key Financial Performance Indicators

The Academy's key financial performance indicators are:

- staff numbers:pupil number ratio
- comparing staff costs against national benchmarks
- comparing budgets against actual figures

Investment policy

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The policy aims to invest cash such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy.

NORTH ESSEX MULTI - ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of performance of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

The governors intend to enhance and expand facilities in pursuance of the school's commitment to ensure that all students achieve their potential. It is recognised that students with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these.

The Academy will be open to opportunities to offer support and potential sponsorship to local Schools, both Primary and Secondary, where this is to the advantage of local students.

On 1 September 2013 the Academy became a multi academy trust with The Ramsey Academy becoming part of the Trust.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are governors at the time when this Governors' Report is approved has confirmed that;

- so far as each Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and establish that the charitable company's auditors are aware of that information.

Mr D Gask
Chairman

NORTH ESSEX MULTI - ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, 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 governors 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 governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The board of governors has formally met 6 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mr S Thompson, Principal	6	6
Mr D Gask, Chairman	6	6
Mrs J Turner	5	6
Mrs J Bracewell	0	1
Mr B Britten	4	6
Mr R Caryl	5	6
Mrs A Comfort	6	6
Mrs T Gardham	4	6
Mrs A Hicks	5	6
Mrs M Morris	0	0
Mr T Parrott	5	6
Mr B Pentelow	4	6
Mr M Pickering	3	6
Mr R Smith	3	6
Mr G Sprawling	6	6
Miss J Stanley	4	6
Mr N Vosper	4	6
Mr K Yap	6	6

The Finance and Premises Committee is a sub-committee of the main board of governors. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr R Caryl	4	4
Mr D Gask	3	4
Mr T Parrott	4	4
Mr B Pentelow	4	4
Mr M Pickering	3	4
Mr G Sprawling	4	4
Mr S Thompson	4	4
Mr N Vosper	3	4
Mr K Yap	4	4
Mr B Britten	3	4

NORTH ESSEX MULTI - ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of governors 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 governors 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 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

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 governors;
- regular reviews by the Finance and Premises 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 governors 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 termly basis, the internal auditor reports to the board of governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

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

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 Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 9 December 2013 and signed on their behalf, by:

Mr D Gask
Chairman

Mr S Thompson
Principal

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 governors 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 (2012).

I confirm that I and the academy board of governors 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 (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Mr S Thompson
Accounting Officer

Date: 9 December 2013

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

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who act as governors 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 Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors 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 Governors 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 Governors 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 the EFA/DfE have been applied for the purposes intended.

The Governors 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 governors on 9 December 2013 and signed on its behalf by:

Mr D Gask
Chairman

NORTH ESSEX MULTI - ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH ESSEX MULTI - ACADEMY TRUST

We have audited the financial statements of North Essex Multi - Academy Trust for the year ended 31 August 2013 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 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 Governors' 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. 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 2013 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 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 Governors' 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
20 December 2013

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**

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, 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 2012 to 31 August 2013 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 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 the 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 the 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 2012, 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. 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 2012 to 31 August 2013 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 issued by the 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
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**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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Price Bailey LLP

Chartered Accountants

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

20 December 2013

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

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Net assets transferred on conversion	3	-	-	-	-	11,508,869
Other voluntary income	3	35,516	266,876	-	302,392	294,454
Activities for generating funds	4	716,039	-	-	716,039	650,266
Investment income	5	1,328	-	-	1,328	889
Incoming resources from charitable activities	6	-	8,213,351	800,677	9,014,028	8,508,680
TOTAL INCOMING RESOURCES		752,883	8,480,227	800,677	10,033,787	20,963,158
RESOURCES EXPENDED						
Charitable activities	9	399,842	8,547,785	1,230,347	10,177,974	10,057,710
Governance costs	8	-	33,101	-	33,101	28,780
TOTAL RESOURCES EXPENDED	7	399,842	8,580,886	1,230,347	10,211,075	10,086,489
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		353,041	(100,659)	(429,670)	(177,288)	10,876,669
Transfers between funds	15	-	(52,490)	52,490	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		353,041	(153,149)	(377,180)	(177,288)	10,876,669
Actuarial gains and losses on defined benefit pension schemes		-	(127,000)	-	(127,000)	(365,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		353,041	(280,149)	(377,180)	(304,288)	10,511,669
Total funds at 1 September 2012		120,082	(2,123,671)	12,515,258	10,511,669	-
TOTAL FUNDS AT 31 AUGUST 2013		473,123	(2,403,820)	12,138,078	10,207,381	10,511,669

All activities relate to continuing operations.

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

The notes on pages 17 to 32 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 2013**

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	12		12,043,632		12,518,173
CURRENT ASSETS					
Debtors	13	411,407		172,048	
Cash at bank and in hand		863,021		330,867	
		<u>1,274,428</u>		<u>502,915</u>	
CREDITORS: amounts falling due within one year	14	(650,679)		(312,419)	
NET CURRENT ASSETS			623,749		190,496
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,667,381</u>		<u>12,708,669</u>
Defined benefit pension scheme liability	19		(2,460,000)		(2,197,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>10,207,381</u></u>		<u><u>10,511,669</u></u>
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	15	56,180		73,329	
Restricted fixed asset funds	15	12,138,078		12,515,258	
		<u>12,194,258</u>		<u>12,588,587</u>	
Restricted funds excluding pension liability					
Pension reserve		(2,460,000)		(2,197,000)	
		<u></u>		<u></u>	
Total restricted funds			9,734,258		10,391,587
Unrestricted funds	15		473,123		120,082
TOTAL FUNDS			<u><u>10,207,381</u></u>		<u><u>10,511,669</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 9 December 2013 and are signed on their behalf, by:

Mr D Gask
Chairman

The notes on pages 17 to 32 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 2013

	Note	31 August 2013 £	Period ended 31 August 2012 £
Net cash flow from operating activities	17	576,231	337,952
Returns on investments and servicing of finance - interest received		1,328	-
Capital expenditure		(45,405)	(7,085)
INCREASE IN CASH IN THE YEAR		<u>532,154</u>	<u>330,867</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

		31 August 2013 £	Period ended 31 August 2012 £
Increase in cash in the year		<u>532,154</u>	<u>330,867</u>
MOVEMENT IN NET FUNDS IN THE YEAR		532,154	330,867
Net funds at 1 September 2012		<u>330,867</u>	-
NET FUNDS AT 31 AUGUST 2013		<u>863,021</u>	<u>330,867</u>

The notes on pages 17 to 32 form part of these financial statements.

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, which are included at market value. 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 issued by the 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 the DfE 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.

The value of 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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

All 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 not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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 2013

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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), 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 19, 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 net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	31 August 2013 £	Period ended 31 August 2012 £
Depreciation of tangible fixed assets:		
- owned by the charity	519,946	559,617
Auditors' remuneration	6,000	6,000
Governance Internal audit costs	1,200	-
	527,146	565,617

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

3. OTHER VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Net assets transferred on conversion	-	-	-	11,508,869
Donations	35,516	266,876	302,392	294,454
Voluntary income	<u>35,516</u>	<u>266,876</u>	<u>302,392</u>	<u>11,803,323</u>

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Hire of Facilities	18,774	-	18,774	10,715
Catering Income	244,178	-	244,178	263,446
Other Income	453,087	-	453,087	376,105
	<u>716,039</u>	<u>-</u>	<u>716,039</u>	<u>650,266</u>

5. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank Interest	1,328	-	1,328	889

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DfE/EFA grants				
General Annual Grant (GAG)	-	7,523,190	7,523,190	7,617,017
Other DfE / EFA grants	-	1,055,719	1,055,719	321,258
Local authority grants	-	435,119	435,119	570,404
	<u>-</u>	<u>9,014,028</u>	<u>9,014,028</u>	<u>8,508,679</u>

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Direct costs	5,065,391	-	1,037,957	6,103,348	6,264,021
Support costs	1,471,429	1,725,536	877,661	4,074,626	3,700,689
Charitable activities	6,536,820	1,725,536	1,915,618	10,177,974	9,964,710
Governance	-	-	33,101	33,101	28,780
	6,536,820	1,725,536	1,948,719	10,211,075	9,993,490

8. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Governance Internal audit costs	-	1,200	1,200	-
Governance statutory auditors' remuneration	-	6,000	6,000	6,000
Governance auditors' other costs	-	-	-	4,000
Legal and professional	-	25,901	25,901	18,780
	-	33,101	33,101	28,780

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DIRECT COSTS				
Wages and salaries	-	4,125,664	4,125,664	4,289,417
National insurance	-	321,610	321,610	328,219
Pension cost	-	618,117	618,117	560,002
Educational supplies	-	581,120	581,120	426,869
Examination fees	-	123,093	123,093	128,294
Staff development	-	36,338	36,338	32,145
Educational consultancy	-	61,895	61,895	55,106
Travel & subsistence	-	2,594	2,594	6,337
Other costs	-	5,846	5,846	100
Supply teaching	-	227,071	227,071	437,532
	<u>-</u>	<u>6,103,348</u>	<u>6,103,348</u>	<u>6,264,021</u>
SUPPORT COSTS				
Wages and salaries	125,178	1,102,716	1,227,894	1,248,738
National insurance	4,053	53,710	57,763	61,702
Pension cost	11,554	174,218	185,772	188,752
Depreciation	-	519,946	519,946	559,617
LGPS FRS17 adjustment	-	78,000	78,000	93,000
Technology costs	-	173,659	173,659	274,254
Travel & subsistence	-	22,309	22,309	18,782
Other costs	96,222	165,518	261,740	185,222
Recruitment & support	-	33,562	33,562	40,693
Maintenance of premises & machinery	-	883,640	883,640	388,582
Cleaning	-	30,198	30,198	27,740
Rates	-	39,854	39,854	36,220
Energy	-	133,841	133,841	136,675
Insurance	-	55,483	55,483	121,620
Security	-	8,818	8,818	18,752
Catering	162,835	-	162,835	185,865
Occupancy costs	-	53,756	53,756	91,577
Bank interest & charges	-	8,732	8,732	9,188
Telephone costs	-	18,459	18,459	14,811
Printing, postage and stationery	-	84,265	84,265	91,899
Federation legal fees	-	34,100	34,100	-
	<u>399,842</u>	<u>3,674,784</u>	<u>4,074,626</u>	<u>3,793,689</u>
	<u>399,842</u>	<u>9,778,132</u>	<u>10,177,974</u>	<u>10,057,710</u>

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

10. STAFF COSTS

Staff costs were as follows:

	31 August 2013 £	Period ended 31 August 2012 £
Wages and salaries	5,353,558	5,538,155
Social security costs	379,373	389,922
Other pension costs (Note 19)	803,889	748,755
	6,536,820	6,676,832
Supply teacher costs	227,071	437,532
	6,763,891	7,114,364

The average number of persons (including the senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	31 August 2013 No.	Period ended 31 August 2012 No.
Teachers	91	87
Administration and support	92	86
Management	11	8
	194	181
	194	181

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

	31 August 2013 No.	Period ended 31 August 2012 No.
In the band £ 60,001 - £ 70,000	0	2
In the band £ 70,001 - £ 80,000	2	0
In the band £ 90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0
	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 £35,226 (2012 - £31,263).

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

11. GOVERNORS' REMUNERATION AND EXPENSES

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

	31 August 2013 £	Period ended 31 August 2012 £
Mr S Thompson	100,000-105,000	100,000-105,000
Mr N Vosper	50,000-55,000	50,000-55,000
Miss J Stanley	25,000-30,000	25,000-30,000
Miss T Gardham	10,000-15,000	10,000-15,000

During the year, no Governors received any benefits in kind (2012 - £nil).

During the year, no Governors received any reimbursement of expenses or benefits in kind (2012 - £nil).

12. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Fixtures and fittings £	Total £
Cost			
At 1 September 2012	12,530,104	547,686	13,077,790
Additions	-	45,405	45,405
At 31 August 2013	<u>12,530,104</u>	<u>593,091</u>	<u>13,123,195</u>
Depreciation			
At 1 September 2012	452,427	107,190	559,617
Charge for the year	417,625	102,321	519,946
At 31 August 2013	<u>870,052</u>	<u>209,511</u>	<u>1,079,563</u>
Net book value			
At 31 August 2013	<u>11,660,052</u>	<u>383,580</u>	<u>12,043,632</u>
At 31 August 2012	<u>12,077,677</u>	<u>440,496</u>	<u>12,518,173</u>

13. DEBTORS

	2013 £	2012 £
Trade debtors	32,995	10,931
Other debtors	18,218	22,067
Prepayments and accrued income	360,194	139,050
	<u>411,407</u>	<u>172,048</u>

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

14. CREDITORS:
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	-	18,776
Other creditors	450,790	221,869
Accruals and deferred income	199,889	71,774
	650,679	312,419

15. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Unrestricted funds						
General funds	120,082	752,883	(399,842)	-	-	473,123
Restricted funds						
General Annual Grant (GAG)	-	7,523,190	(7,470,700)	(52,490)	-	-
Other government grants	-	615,812	(615,812)	-	-	-
Special Educational Needs	-	74,349	(74,349)	-	-	-
School trips	73,329	266,876	(284,025)	-	-	56,180
Pension reserve	(2,197,000)	-	(136,000)	-	(127,000)	(2,460,000)
	(2,123,671)	8,480,227	(8,580,886)	(52,490)	(127,000)	(2,403,820)
Restricted fixed asset funds						
Restricted fixed assets	12,511,088	-	(519,946)	52,490	-	12,043,632
Devolved formula capital fund	4,170	28,705	(15,973)	-	-	16,902
Capital funding - Sports hall roof	-	97,777	(97,777)	-	-	-
ACMF - tank roof, asbestos	-	67,821	(61,229)	-	-	6,592
ACMF - boiler	-	606,374	(535,422)	-	-	70,952
	12,515,258	800,677	(1,230,347)	52,490	-	12,138,078
Total restricted funds	10,391,587	9,280,904	(9,811,233)	-	(127,000)	9,734,258
Total of funds	10,511,669	10,033,787	(10,211,075)	-	(127,000)	10,207,381

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

15. STATEMENT OF FUNDS (continued)

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

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, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Other Government Grants

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

Special Educational Needs

This represents allocated funding for special educational needs pupils.

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.

Devolved Formula Capital (DFC) fund

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

Capital funding grants

Capital funding grants are resources which are to be applied to specific capital and maintenance projects.

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General funds	120,082	752,883	(399,842)	-	-	473,123
Restricted funds	(2,123,671)	8,480,227	(8,580,886)	(52,490)	(127,000)	(2,403,820)
Restricted fixed asset funds	12,515,258	800,677	(1,230,347)	52,490	-	12,138,078
	<u>10,511,669</u>	<u>10,033,787</u>	<u>(10,211,075)</u>	<u>-</u>	<u>(127,000)</u>	<u>10,207,381</u>

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	12,043,632	12,043,632	12,518,173
Current assets	893,306	56,180	324,942	1,274,428	502,913
Creditors due within one year	(420,183)	-	(230,496)	(650,679)	(312,417)
Provisions for liabilities and charges	-	(2,460,000)	-	(2,460,000)	(2,197,000)
	<u>473,123</u>	<u>(2,403,820)</u>	<u>12,138,078</u>	<u>10,207,381</u>	<u>10,511,669</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £	Period ended 31 August 2012 £
Net incoming resources before revaluations	(177,288)	10,876,669
Returns on investments and servicing of finance	(1,328)	-
Fixed assets transferred on conversion	-	(13,070,705)
Depreciation of tangible fixed assets	519,946	559,617
Increase in debtors	(239,359)	(172,048)
Increase in creditors	338,260	312,419
FRS 17 adjustments	136,000	1,832,000
Net cash inflow from operations	<u>576,231</u>	<u>337,952</u>

18. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	330,867	532,154	-	863,021
Net funds	<u>330,867</u>	<u>532,154</u>	<u>-</u>	<u>863,021</u>

NORTH ESSEX MULTI - ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

19. 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 2004 and of the LGPS 31 March 2010.

Contributions amounting to £72,963 were payable to the scheme at 31 August 2013 (2012 - £64,791) 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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19. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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 just outside of the 10 year protection.

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 were to be phased in from April 2012 on a 40:80:100% basis.

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 2013 was £289,000, of which employer's contributions totalled £221,000 and employees' contributions totalled £68,000. The agreed contribution rates for future years are 12.3% for employers and between 5.5% and 7.5% 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 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:

	31 August 2013 £	Period ended 31 August 2012 £
Present value of funded obligations	(3,460,000)	(2,798,000)
Fair value of scheme assets	1,000,000	601,000
	<u>(2,460,000)</u>	<u>(2,197,000)</u>
Net liability	<u>(2,460,000)</u>	<u>(2,197,000)</u>

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19. PENSION COMMITMENTS (continued)

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

	31 August 2013 £	Period ended 31 August 2012 £
Current service cost	(279,000)	(231,000)
Interest on obligation	(116,000)	(122,000)
Expected return on scheme assets	38,000	29,000
	<u>(357,000)</u>	<u>(324,000)</u>
 Total	 (357,000)	 (324,000)
 Actual return on scheme assets	 114,000	 34,000
	<u>114,000</u>	<u>34,000</u>

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

	31 August 2013 £	Period ended 31 August 2012 £
Opening defined benefit obligation	2,798,000	-
Current service cost	279,000	231,000
Interest cost	116,000	122,000
Contributions by scheme participants	68,000	68,000
Actuarial Losses	203,000	370,000
Benefits paid	(4,000)	(16,000)
Present value of defined benefit obligation on conversion	-	2,023,000
	<u>3,460,000</u>	<u>2,798,000</u>
 Closing defined benefit obligation	 3,460,000	 2,798,000
	<u>3,460,000</u>	<u>2,798,000</u>

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

	31 August 2013 £	Period ended 31 August 2012 £
Opening fair value of scheme assets	601,000	-
Expected return on assets	38,000	29,000
Actuarial gains and (losses)	76,000	5,000
Contributions by employer	221,000	221,000
Contributions by employees	68,000	68,000
Benefits paid	(4,000)	(16,000)
Fair value of scheme assets on conversion	-	294,000
	<u>1,000,000</u>	<u>601,000</u>
 Closing defined benefit obligation	 1,000,000	 601,000
	<u>1,000,000</u>	<u>601,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £(492,000) (2012 - £(365,000)).

The academy expects to contribute £220,000 to its Defined Benefit Pension Scheme in 2014.

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19. PENSION COMMITMENTS (continued)

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

	2013	2012
Equities	65.00 %	68.00 %
Gilts	8.00 %	6.00 %
Other Bonds	9.00 %	9.00 %
Property	11.00 %	13.00 %
Cash	3.00 %	4.00 %
Alternative assets	4.00 %	- %

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

	2013	2012
Discount rate for scheme liabilities	4.70 %	3.90 %
Expected return on scheme assets at 31 August	5.80 %	5.20 %
Rate of increase in salaries	4.70 %	3.70 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %
Inflation assumption (CPI)	2.90 %	1.90 %
Inflation assumption (RPI)	3.70 %	2.70 %

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

	2013	2012
Retiring today		
Males	22.7	22.7
Females	25.3	25.3
Retiring in 20 years		
Males	24.2	24.1
Females	26.9	26.8

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013	2012
	£	£
Defined benefit obligation	(3,460,000)	(2,798,000)
Scheme assets	1,000,000	601,000
Deficit	<u>(2,460,000)</u>	<u>(2,197,000)</u>
Experience adjustments on scheme assets	<u>76,000</u>	<u>5,000</u>

20. OPERATING LEASE COMMITMENTS

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
Expiry date:		
Between 2 and 5 years	<u>134,645</u>	<u>36,846</u>

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21. 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.