



**NET ACADEMIES TRUST  
(A Company Limited by Guarantee)  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014**

**Registered Number 08221088 (England and Wales)**

**NET ACADEMIES TRUST**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2014**

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**NET ACADEMIES TRUST**  
**REFERENCE AND ADMINISTRATIVE DETAILS**  
**YEAR ENDED 31 AUGUST 2014**

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<b>Members</b>	Pat Jefferson Richard Carr Richard Howard National Education Trust
<b>Directors and Trustees</b>	Pat Jefferson (Chair) Richard Carr (Vice Chair)* Ruth Allen Richard Howard Paul McAteer Anna Wright (until 31 August 2014) Jane Ratcliffe (from 13 May 2014)  *Member of the Audit Committee
<b>Senior Management Team:</b> Accounting Officer and Chief Executive  Principal Financial Officer	Ray Blatchford (to 31 August 2014) Maxine Evans (from 1 September 2014) Moira Cummins
<b>Principal and Registered Office</b>	NET Academies Trust Saunderton Estate Buckinghamshire HP14 4BF
<b>Company Registration Number</b>	8221088 (England and Wales)
<b>Independent Auditor</b>	Baker Tilly UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP
<b>Bankers</b>	Lloyds TSB PLC Old Market Square Nottingham NG1 6FD
<b>Solicitors</b>	Stone King LLP 13 Queen Square Bath BA1 2HJ

**NET ACADEMIES TRUST**  
**TRUSTEES' REPORT**  
**PERIOD ENDED 31 AUGUST 2014**

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The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31st August 2014.

**Structure, Governance and Management**

Constitution

NET Academies Trust is a company limited by guarantee (registration number 8221088) and an exempt charity incorporated on 19th September 2012. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of NET Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as NET Academies Trust.

Details of the directors and trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

There are no qualifying third party indemnity provisions in respect of trustees.

Principal Activities

In accordance with the Articles of Association of the trust, the principal activities of the trust are defined by its objects, namely:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum;
- b) to promote for the benefit of the inhabitants of the areas in which the Academies are located and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Method of Recruitment and Appointment or Election of Trustees

The board identifies potential new trustees, ensuring that the skills and experience of new trustees complement those of existing board members.

The Articles of Association require that the number of directors shall be not less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum.

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**TRUSTEES' REPORT**  
**PERIOD ENDED 31 AUGUST 2014**

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**Structure, Governance and Management (*continued*)**

The Company shall have the following directors:

- Up to five sponsor directors
- An academy director representing the chairs of the local governing bodies of the academies
- A minimum of one parent director

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new directors is on two levels, that of the trust board of directors and the local governing body of each constituent academy. The broad policy depends on the level of existing experience. Where necessary, induction and training will be provided on all matters pertaining to the academy operation, in particular to educational, legal and financial matters. Training requirements are subject to an on-going review.

Organisational Structure

NET Academies Trust is a multi-academy trust.

There is a clear management structure to control the way the trust is run. The structure consists of the trustees, the executive team and currently two academies.

The trustees are responsible for setting general policy, adopting and monitoring an annual plan and budget and making strategic decisions concerning the direction of the trust.

The executive team, led by the Accounting Officer, control the trust at management level, implementing the policies laid down by the trustees and reporting back to them.

The academies have their own local governing body, which exercises local control via the agreed Terms of Reference delegated from the board of directors of the multi-academy trust. The composition of the local governing body is determined by the academy and reflects key stakeholders of the academy in its membership. The activity of the governing body meetings is reported to the board of directors each term via the academy trustee who is the chair of a local governing body.

Risk Management

The directors are responsible for identifying the risks faced by the academy trust, establishing procedures to manage and mitigate these risks, and ensuring that employees are aware of those procedures and of the implications in failing to execute them. The directors delegate the day-to-day risk management of each of the constituent academies to the local governing bodies. Risk management processes and practices are reviewed annually at each academy. The Audit Committee undertakes this review, informed by internal audit, and such risks are reported to the board of directors.

Connected Organisations

The National Education Trust (Company Number 5603073; Charity Number 1112893) as Principal Sponsor is a Corporate Member of NET Academies Trust and as such has appointed the 3 other Members of NET Academies Trust. The National Education Trust appoints the chair of the board of directors and up to five sponsor directors.

**NET ACADEMIES TRUST**  
**TRUSTEES' REPORT**  
**PERIOD ENDED 31 AUGUST 2014**

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**Objectives and Activities**

Objects and Aims

NET Academies Trust was incorporated on 19 September 2012 to manage academies sponsored by the National Education Trust. The trust works in close partnership with the National Education Trust and provides education for pupils of primary school age. It is committed to working with partners in a spirit of shared values and a relentless drive for better outcomes for children and young people.

Objectives, Strategies and Activities

The main objectives of the trust are:

- To provide excellent teaching and learning in each of its academies secured through whole school high expectations and shared values
- To develop strong governance and leadership of schools to enable them to sustain their school improvement journeys
- To foster effective partnerships between NET academies so that through collaboration and sharing of good practice schools can inspire each other
- To expand the number of NET academies so that more children are experiencing an excellent education
- To make a positive difference to learners and leaders
- To maintain high ethical standards as a multi-academy trust.

NET Academies Trust has sought to develop 3 hubs or clusters of academies to enable greater collaboration. These hubs are centred around the West Midlands, Reading/Berkshire and Essex.

**Achievements and performance**

What follows is a summary of the operation of Battle Primary Academy from 1<sup>st</sup> September 2013 to 31<sup>st</sup> August 2014 and Henry Hinde Junior School from its opening on 1<sup>st</sup> January 2014 until 31<sup>st</sup> August 2014.

Battle Primary Academy

Battle Primary Academy started its first full academic year as a sponsored academy on 1 September 2014. The Academy is a larger than the average-sized primary school with 425 pupils currently on roll.

The proportion of pupils from minority ethnic groups and those who speak English as an additional language is much higher than average. As the school serves such a diverse community the Academy thinks very carefully about the curriculum offered to pupils. They also celebrate the different ethnic backgrounds of their families, many of who do not have English as their first language.

The curriculum therefore has local, national and international aspects to it, which the Academy feels will better develop Battle pupils into well-rounded, aspirational citizens of the 21st century.

Progress since becoming an academy

Improvements at Battle were needed in all key aspects of provision: pupils' achievement; teaching and learning; pupils' behaviour; leadership and management.

Since September 2013 the National Education Trust Director of School Improvement has been closely supporting the school leadership team with regular visits to the academy. This has been supplemented further through work with the newly appointed Chief Executive from September 2014.

**NET ACADEMIES TRUST**  
**TRUSTEES' REPORT**  
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The staff at the academy have also benefitted from visits to and from outstanding primary schools to learn from and engage with the good practice in other establishments.

A significant staff restructure, the recruitment of high quality staff members and targeted professional development have led to a subsequent improvement in pupil performance as evidenced below. It is now evident that there is the internal capacity to continue to drive improvements in the future.

Examination Performance

KS1 SATs:

	Attainment					
	Reading		Writing		Maths	
	L2b+	L3+	L2b+	L3+	L2b+	L3+
<b>BPA 2013</b>	61%	16%	42%	4%	61%	14%
<b>National 2013</b>	79%	29%	67%	15%	78%	23%
<b>BPA 2014</b>	62%	9%	48%	2%	62%	9%

KS2 SATs:

	Attainment										
	Reading		Writing		SPAG		Maths			Combined	
	L4+	L5+	L4+	L5+	L4+	L5+	L4+	L5+	L6	L4+	L5+
<b>BPA 2013</b>	75%	29%	71%	19%	44%	29%	58%	13%	0%	50%	10%
<b>National 2013</b>	86%	45%	83%	30%	74%	48%	85%	41%	6%	75%	21%
<b>BPA 2014</b>	81%	43%	69%	20%	65%	43%	72%	28%	6%	63%	13%

Henry Hinde Junior School

Henry Hinde Junior School, a 2-form entry junior school in Rugby, converted to an academy on 1 January 2014. The school is similar in size to an average junior school with 260 pupils currently on roll. The proportion of pupils from minority ethnic groups and those who speak English as an additional language is average and similar to the national profile. The proportion of pupils known to be eligible for the pupil premium and the proportion with special educational needs is in line with the national average.

Progress since becoming an Academy

In its first 2 terms as an academy Henry Hinde Junior School had an Acting Headteacher in post. Since September 2014 there has been a newly appointed substantive Headteacher who has been working closely with the academy trust's Chief Executive.

**NET ACADEMIES TRUST**  
**TRUSTEES' REPORT**  
**PERIOD ENDED 31 AUGUST 2014**

The National Education Trust's Director of School Improvement conducted a number of visits to the school. Each visit had a clear focus and aimed to establish how the academy trust could support the school to improve.

The senior leadership team were able to visit nearby outstanding primary schools to see and learn from good practice. The governing body has benefitted from having a very experienced sponsor governor to strengthen the support and challenge provided by them.

Examination results

KS2 SATs:

	Attainment										
	Reading		Writing		SPAG		Maths			Combined	
	L4+	L5+	L4+	L5+	L4+	L5+	L4+	L5+	L6	L4+	L5+
<b>HHJS 2013</b>	92%	45%	81%	26%			87%	45%	11%	76%	21%
<b>National 2013</b>	86%	45%	83%	30%	74%	48%	85%	41%	6%	75%	21%
<b>HHJS 2014</b>	84%	53%	74%	22%	72%	53%	78%	37%	9%	64%	17%

Public Benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the trust's objectives and aims and in planning the future activities for the year. The trustees consider that the trust's aims are demonstrably to the public benefit.

Going Concern

After making appropriate enquiries the trustee 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.

Key Performance Indicators

The trustees use high-level performance indicators to monitor the overall financial position of the trust. These performance indicators for the first financial period have been

Staff costs as a percentage of operating revenue	79%
Net Assets	£2,041,000
Total Reserves	£2,041,000

**Financial Review**

Most of the trust's income is obtained from the Department for Education via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted for particular purposes.

**NET ACADEMIES TRUST**  
**TRUSTEES' REPORT**  
**PERIOD ENDED 31 AUGUST 2014**

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The grants received from the Department for Education during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2014 total expenditure of £3,206,000 was covered by recurrent grant funding from the EFA, of £2,867,000. The excess of expenditure over income for the year (excluding restricted fixed asset funds and the restricted pension reserve) was £103,000.

At 31st August 2014 the net book value of fixed assets was £2,666,000 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services for pupils of the Academy.

Finance procedures and regulations are set out within the NET Academies Trust Finance Manual. The NET Academies Trust Finance Manual provides the framework for financial management and procurement. Delegated financial responsibilities are set out within NET Academies Trust scheme of delegation.

NET Academies Trust has adopted internal audit arrangements to undertake a programme of independent checks on financial controls and processes. The programme of work will involve termly Responsible Officer visits to open academies from the start of the 2014-15 academic year.

#### Principal Risks and Uncertainties

Key risks of the trust attach to funding uncertainties arising from unclear government direction as to the approval of additional academies. This uncertainty may impede the trust's strategy to increase capacity at a controlled and sustainable rate, employing the appropriate level of resource and maximising economies of scale.

#### Reserves Policy

The trustees have reviewed the financial reserves of the trust and considered income and expenditure streams and the need to match them with commitments. In view of restrictions in and changes to academies' funding agreements, a formal reserves policy has not been adopted at this time and the level of reserves will be kept under close review by trustees.

#### Investment Policy

The trust does not hold long-term investments. Any significant cash surpluses are placed on overnight or fixed term deposit with the trust's bankers.

#### **Plans for Future Periods**

NET Academies Trust intends to consolidate its 2 existing academies and is planning to reach 7 open academies by the end of the academic year 14/15. This will ensure a degree of financial stability to aid planning and development. In the medium to long term the trust plans to develop the 3 clusters of academies comprising of circa 4 schools each. The hubs are in Reading/Berkshire, West Midlands and Essex.

The hubs will facilitate collaboration and sharing of good practice across the group and will enable the academies to support one another at their respective stages of their school improvement journeys. The trust will also seek to attract a number of Ofsted judged 'good' or 'outstanding' schools to join, thus providing greater internal capacity to support school improvement across all the academies.

To support the growth in the number of our academies a newly appointed chief executive started in September 2014 and there are also plans to recruit additional highly skilled and experienced staff to manage the central Trust.

**NET ACADEMIES TRUST**  
**TRUSTEES' REPORT**  
**PERIOD ENDED 31 AUGUST 2014**

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**Funds held as custodian trustee on behalf of others**

The trust does not act as custodian trustee on behalf of any others

**Auditor**

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

**Statement as to disclosure of information to auditors**

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

The Trustees' Annual Report is appointed by order of the board of Trustees in their capacity as directors at a meeting on 3 December 2014 and signed on its behalf by:

**Pat Jefferson**  
Chair

**NET ACADEMIES TRUST**  
**GOVERNANCE STATEMENT**  
**YEAR ENDED 31 AUGUST 2014**

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**Scope of Responsibility**

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

The trustees have delegated the day-to-day responsibility to the chief executive, 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 NET Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Pat Jefferson (Chair)	5	5
Richard Carr (Vice Chair)	2	5
Richard Howard	5	5
Anna Wright (until August 2014)	3	4
Paul McAteer	3	5
Ruth Allen	5	5
Jane Ratcliffe (from June 2014)	1	2

The appointment of new directors to this Board has been in accord with the Articles of Association and no challenges have been faced. The membership has a broad expertise in education and finance ensuring that the objects of the trust are being met at all levels.

**Governance Reviews**

The Audit Committee is a sub-committee of the main board of trustees. Its membership has been made up of a NET Academies Trust trustee, a trustee from the sponsor organisation The National Education Trust and an independent Chair. Its purpose is to maintain an oversight of the NET Academies Trust governance, risk management, internal control and value for money framework. It meets at least once per term and reports its findings to the Board and the Accounting Officer as a critical element of the Trusts reporting requirements.

<b>Member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Richard Carr	3	3
Kay Symons	1	1
Andrew Churchill Stone	3	3

**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 on-going process designed to identify and prioritise the risks to the achievement of the academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they

**NET ACADEMIES TRUST**  
**GOVERNANCE STATEMENT**  
**YEAR ENDED 31 AUGUST 2014**

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be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NET Academies Trust for year ending 31 August 2014.

**Capacity to Handle Risk**

The trustees have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that have been in place for the year 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 trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the board of trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has appointed Baker Tilly as internal auditor. As the academy trust has been in the development phase no internal audit reports have been issued this year although it plans to carry out Responsible Officer visits on a termly basis throughout the next academic year.

**Review of Effectiveness**

As accounting officer the chief executive 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 external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit 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 trustees on 3 December 2014 and signed on its behalf by:

**Pat Jefferson**  
Chair of Trustees

**Maxine Evans**  
Accounting Officer

# NET ACADEMIES TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2014

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As accounting officer of NET Academies Trust I have considered my responsibility to notify the academy trust 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 trust 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 trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. Many instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

**Maxine Evans**  
Chief Executive Officer

3 December 2014

**NET ACADEMIES TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**YEAR ENDED 31 AUGUST 2014**

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The Trustees who are also the directors of the Charitable Company for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) an 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 statement 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 in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation, the Charitable Company applies financial and other controls which conform with the requirements of both propriety and good financial management. They are also responsible for ensuring grants received from the 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 Trustees on 3 December 2014 signed on its behalf by:

**Pat Jefferson**  
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**  
**OF NET ACADEMIES TRUST**  
**YEAR ENDED 31 AUGUST 2014**

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We have audited the financial statements of NET Academies Trust for the year ended 31 August 2014 on pages 15 to 37. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees who are also the directors of the charitable company for the purposes of company law are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**Opinion on other requirement of the Companies Act 2006**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF NET ACADEMIES TRUST  
YEAR ENDED 31 AUGUST 2014**

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**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:

- the charity has not kept adequate accounting records, 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.

Philip Coleman (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

Date

# NET ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account and Statement of Recognised gains and losses)

FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 8 months 2013 £000
<b>Incoming resources</b>						
<i>Income resources from generated funds:</i>						
Voluntary income	2	3	7	15	25	81
Transfer from Local Authority on conversion	26	59	(221)	1,574	1,412	682
Activities for generating funds	3	36	10	-	46	10
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	4	21	2,867	-	2,888	1,469
<b>Total incoming resources</b>		<u>119</u>	<u>2,663</u>	<u>1,589</u>	<u>4,371</u>	<u>2,242</u>
<b>Resources expended</b>						
<i>Charitable activities:</i>						
Academy's educational operations	6	(21)	(3,052)	(100)	(3,173)	(1,212)
Governance costs	7	-	(33)	-	(33)	(14)
<b>Total resources expended</b>	5	<u>(21)</u>	<u>(3,085)</u>	<u>(100)</u>	<u>(3,206)</u>	<u>(1,226)</u>
<b>Net incoming/ (outgoing) resources before transfers</b>						
Gross transfers between funds	15	98	(422)	1,489	1,165	1,016
		-	12	(12)	-	-
<b>Net income/(expenditure) for the year</b>		<u>98</u>	<u>(410)</u>	<u>1,477</u>	<u>1,165</u>	<u>1,016</u>
<i>Other recognised gains and losses:</i>						
Actuarial gains/(losses) on defined benefit pension scheme	24	-	(17)	-	(17)	(123)
<b>Net movement in funds</b>	15	<u>98</u>	<u>(427)</u>	<u>1,477</u>	<u>1,148</u>	<u>893</u>
<b>Reconciliation of funds</b>						
<b>Total funds brought forward</b>		<u>4</u>	<u>(307)</u>	<u>1,196</u>	<u>893</u>	<u>-</u>
<b>Total funds carried forward</b>		<u>102</u>	<u>(734)</u>	<u>2,673</u>	<u>2,041</u>	<u>893</u>

The Trust's activities derive from acquisitions during the above two financial periods.

The notes on pages 18 to 37 form part of these financial statements.

**NET ACADEMIES TRUST**  
**BALANCE SHEET AS AT 31 AUGUST 2014**  
**COMPANY NUMBER: 08221088**

	Notes	2014 £000	2014 £000	2013 £000	2013 £000
<b>Fixed assets</b>					
Tangible assets	12		2,666		1,146
<b>Current assets</b>					
Debtors	13	54		85	
Cash at bank and in hand		493		524	
		<u>547</u>		<u>609</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	(233)		(261)	
<b>Net current assets</b>			<u>314</u>		<u>348</u>
			<u>2,980</u>		<u>1,494</u>
<b>Total assets less current liabilities and net assets excluding pension liability</b>					
Pension scheme liability	24		(939)		(601)
<b>Net assets including pension liability</b>			<u>2,041</u>		<u>893</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	15		2,673		1,196
General fund	15		205		294
			<u>2,878</u>		<u>1,490</u>
Restricted funds excluding pension reserve			2,878		1,490
Pension reserve	24		(939)		(601)
<b>Total restricted funds</b>			<u>1,939</u>		<u>889</u>
<b>Total unrestricted income funds</b>	15		<u>102</u>		<u>4</u>
<b>Total funds</b>			<u>2,041</u>		<u>893</u>

The financial statements on pages 15 to 37 were approved by the trustees and authorised for issue on 3 December 2014 and are signed on their behalf by:

**Pat Jefferson**  
**Chair of trustees**

The notes on pages 18 to 37 form part of these financial statements.

**NET ACADEMIES TRUST**  
**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2014**

	Notes	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>Net cash (outflow)/inflow from operating activities</b>	19	(59)	454
Returns on investment and servicing of finance		-	-
Capital expenditure	20	(31)	(69)
Cash transferred on conversion to an academy trust	26	59	139
<b>(Decrease)/increase in cash in the year</b>		<u>(31)</u>	<u>524</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Net funds at 1 September</b>		524	-
Increase in cash in the year		<u>(31)</u>	<u>524</u>
<b>Net funds at 31 August</b>	21	<u>493</u>	<u>524</u>

The notes on pages 18 to 37 form part of these financial statements.

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

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**1. Statement of Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Conversion to an Academy Trust**

The conversion of the schools within the academy trust from local authority maintained schools to academies involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration in each case and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Henry Hinde Junior School to the 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 Net Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift 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 26.

**Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the trust to continue as a going concern. The trustees make this assessment each year in respect of a period of one year from the date of approval of the financial statements.

**Incoming resources**

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

• **Grants receivable**

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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, incoming resources from charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

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

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**1. Statement of Accounting Policies (*continued*)**

- **Sponsorship income**  
Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.
- **Donations**  
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other income**  
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.
- **Donated services and gifts in kind**  
The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 academy trust's policies.
- **Interest receivable**  
Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

**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 to each activity cost category 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.

- **Cost of generating funds**  
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**  
These are costs incurred on the trust's educational operations.
- **Governance costs**  
These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

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

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**1. Statement of Accounting Policies (*continued*)**

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 trust's depreciation policy.

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

Long leasehold buildings	- 20-25 years
Furniture and equipment	- 4 years straight line
Computer equipment	- 3 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Impairment losses are recognised in the Statement of Financial Activities.

**Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**Taxation**

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

**Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes are contracted out of the State Earnings – Related Pension Scheme (until April 2016) and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the trust 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 settlements and curtailments. They are included as part of staff costs. Past service costs are

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

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**1. Statement of Accounting Policies (continued)**

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 until 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.

**Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose on a continuing basis.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency or the Department for Education and are resources subject to specific restrictions imposed by funders or donors.

**2. Voluntary income**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2014 £000</b>	<b>Total 8 months 2013 £000</b>
Devolved capital	-	15	15	61
Private sponsorship	3	7	10	20
	<u>3</u>	<u>22</u>	<u>25</u>	<u>81</u>

**3. Activities for Generating Funds**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2014 £000</b>	<b>Total 8 months 2013 £000</b>
Hire of facilities	-	-	-	4
School uniform	-	3	3	1
Sundry income	36	7	43	5
	<u>36</u>	<u>10</u>	<u>46</u>	<u>10</u>

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

**4. Funding for academy trust's educational operations**

	Unrestricted funds £000	Restricted funds £000	Total 2014 £000	Total 8 months 2013 £000
<b>DfE/EFA revenue grants</b>				
- General Annual Grant (GAG)	-	2,431	2,431	1,135
- Start Up Grants	-	-	-	50
- Other DfE/EFA Grants	-	238	238	145
	<u>-</u>	<u>2,669</u>	<u>2,669</u>	<u>1,330</u>
<b>Other government grants</b>				
- Local authorities grants	-	175	175	139
	<u>-</u>	<u>175</u>	<u>175</u>	<u>139</u>
<b>Other income</b>				
	21	23	44	-
	<u>21</u>	<u>23</u>	<u>44</u>	<u>139</u>
	<u>21</u>	<u>2,867</u>	<u>2,888</u>	<u>1,469</u>

**5. Resources expended**

	Non pay expenditure			Total 2014 £000	Total 8 months 2013 £000
	Staff costs £000	Premises costs £000	Other costs £000		
Academy's education operations:					
- Direct costs	1,717	100	319	2,136	891
- Allocated support costs	564	94	379	1,037	321
	<u>2,281</u>	<u>194</u>	<u>698</u>	<u>3,173</u>	<u>1,212</u>
Governance costs including allocated support costs					
	-	-	33	33	14
	<u>2,281</u>	<u>194</u>	<u>731</u>	<u>3,206</u>	<u>1,226</u>

**Incoming resources for the year include:**

	Total 2014 £000	Total 8 months 2013 £000
Fees payable to auditor		
- Audit	12	11
- TPA Audit	1	-
- Preparation of statutory accounts	3	-
- Other services	15	8
Depreciation of fixed assets	<u>100</u>	<u>4</u>

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

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**6. Charitable Activities – Academy’s educational operations**

	<b>Total 2014 £000</b>	<b>Total 8 months 2013 £000</b>
<b>Direct costs:</b>		
Teaching and educational support staff costs	1,717	757
Depreciation	100	4
Educational supplies	125	27
Educational consultancy	23	13
Technology costs	30	3
Other direct	116	53
Staff development	25	7
	<b>2,136</b>	<b>864</b>
<b>Allocated support costs:</b>		
Support staff costs	564	150
Recruitment and support	18	4
Maintenance of premises and equipment	77	33
Cleaning	4	3
Rent and rates	13	6
Insurance	24	27
Security and transport	9	3
Catering	54	15
Pension cost – FRS 17 adjustment	90	21
Energy costs	28	8
Other support costs	156	78
	<b>1,037</b>	<b>348</b>
<b>Total</b>	<b>3,173</b>	<b>1,212</b>

**7. Governance Costs**

	<b>Total 2014 £000</b>	<b>Total 8 months 2013 £000</b>
Auditor’s remuneration:		
Audit of financial statements	31	12
Other expenses	2	2
	<b>33</b>	<b>14</b>

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

**8. Staff costs**

Staff costs during the period were:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>8 months</b>
		<b>£000</b>
Wages and salaries	1,627	683
Social security costs	99	44
Pension costs	219	75
	<u>1,945</u>	<u>802</u>
Supply teacher costs	142	105
Redundancy payments	194	-
	<u>2,281</u>	<u>907</u>

Included in redundancy payments are non-statutory redundancy payments totalling £69,000 (2013 nil). Eight of the non-statutory payments exceed £5,000 individually and these were for £5,000, £5,000, £5,000, £6,000, £7,000, £7,000, £8,000 and £12,000.

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable activities</b>		
Teachers	28	14
Administration and support	68	33
Management	5	4
	<u>101</u>	<u>51</u>

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable activities</b>		
Teachers	25	13
Administration and support	46	26
Management	4	3
	<u>75</u>	<u>42</u>

**Higher paid staff**

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
£60,001- £70,000	<u>1</u>	<u>-</u>

The above employee participated in the Teacher's Pension Scheme.

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

**9. Central Services**

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

- School improvement services
- Finance
- Administration support

The trust charges for these services as a flat 5% of school budget share.

The actual amount charged during the year were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Battle Academy	91	57
Henry Hinde	31	-
	122	57

**10. Related Party Transactions – Trustees’ Remuneration & Expenses**

No trustees received remuneration or expenses during the year (2013: £Nil).

Other related party transactions involving the trustees are set out in note 25.

**11. Trustees’ 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 and the cost for the period ended 31 August 2014 was £1,800 (2013: £916).

The cost of this insurance is included in the total insurance cost.

**12. Tangible Fixed Assets**

	<b>Long leasehold buildings £000</b>	<b>Furniture and equipment £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 September 2013	1,081	51	18	1,150
Transfer on conversion (note 26)	1,574	-	-	1,574
Additions	46	-	-	46
Disposals	-	-	-	-
At 31 August 2014	2,701	51	18	2,770
<b>Depreciation</b>				
At 1 September 2013	-	2	2	4
Charged in year	81	13	6	100
Disposals	-	-	-	-
At 31 August 2014	81	15	8	104
<b>Net book values</b>				
At 31 August 2014	2,620	36	10	2,666
At 31 August 2013	1,081	49	16	1,146

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

**13. Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	-	2
VAT Recoverable	34	28
Other debtors	1	1
Prepayments and accrued income	19	54
	<u>54</u>	<u>85</u>

All amounts shown within debtors fall due for repayment within one year.

**14. Creditors: amounts falling during within one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	48	60
Other taxation and social security	54	98
Other creditors	36	-
Accruals and deferred income	95	103
	<u>233</u>	<u>261</u>

**15. Funds**

	<b>At 1</b>			<b>Gains,</b>	
	<b>September</b>	<b>Income</b>	<b>Resources</b>	<b>losses</b>	<b>At 31</b>
	<b>2013</b>	<b>resources</b>	<b>expended</b>	<b>and</b>	<b>August</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>transfers</b>	<b>2014</b>
				<b>£000</b>	<b>£000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	69	2,431	(2,307)	12	205
Other DfE/EFA grants	65	238	(303)	-	-
Local Authority Grants	139	175	(314)	-	-
Sponsor donation	16	7	(23)	-	-
Other Incoming Resources	5	33	(38)	-	-
	<u>294</u>	<u>2,884</u>	<u>(2,985)</u>	<u>12</u>	<u>205</u>
Pension reserve	(601)	(221)	(100)	(17)	(939)
	<u>(307)</u>	<u>2,663</u>	<u>(3,085)</u>	<u>(5)</u>	<u>(734)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	60	15	(13)	(12)	50
Capital expenditure from other funds	132	-	(10)	-	122
Sponsor donation	4	-	(1)	-	3
Main Academy building	1,000	1,574	(76)	-	2,498
	<u>1,196</u>	<u>1,589</u>	<u>(100)</u>	<u>(12)</u>	<u>2,673</u>
<b>Total restricted funds</b>	<u>889</u>	<u>4,252</u>	<u>(3,170)</u>	<u>(17)</u>	<u>1,939</u>
<b>Unrestricted funds</b>					
General funds	4	119	(21)	-	102
<b>Total funds</b>	<u>893</u>	<u>4,371</u>	<u>(3,206)</u>	<u>(17)</u>	<u>2,041</u>

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

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**15. Funds (continued)**

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

Restricted general funds

The General Annual Grant fund of £205,000 is the recurrent funding to be used for educational purposes in accordance with the academy trust's Funding Agreement with the DfE.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Transfers made from the GAG fund to the restricted fixed asset fund are for expenditure incurred that is in respect of tangible fixed assets.

The pension reserve of £939,000 (overdrawn) represents the academy trust's share of the deficit in the Reading Borough Council Pension Fund of £612,000 and the academy trust's share of the deficit in the Warwickshire County Council Pension Fund of £327,000.

The remaining restricted funds represent grants received from other organisations for the academy trust's operational activities and development.

Restricted fixed asset funds

The main academic building fund balance of £2,498,000 represents the net book value of the long leasehold buildings. These are subject to restriction by the Secretary of State whose approval must be sought prior to any sale or purchase.

The capital expenditure from other funds of £122,000 is the net book value of assets purchased since conversion to an Academy and is subject to restrictions under the academy trust's funding agreement with the DfE.

The remaining fixed assets fund balance represents the net book value of fixed assets, plus unspent devolved formula capital of £7,000.

**Analysis of academies by fund balance**

	<b>Total 2014 £000</b>
Battle Academy	213
Henry Hinde	2
Central services	92
Total before fixed assets and pension reserve	<u>307</u>
Restricted fixed asset fund	2,673
Pension reserve	<u>(939)</u>
<b>Total</b>	<u><u>2,041</u></u>

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

**15. Funds (continued)**

**Analysis of academies by cost**

	<b>Teaching and educational support staff costs £000</b>	<b>Other support staff costs £000</b>	<b>Educational supplies £000</b>	<b>Other costs (excluding depreciation) £000</b>	<b>Total 2014 £000</b>
Battle Academy	1,181	419	83	445	2,128
Henry Hinde	536	85	42	120	783
Central services	-	60	-	135	195
<b>Academy Trust</b>	<u>1,717</u>	<u>564</u>	<u>125</u>	<u>700</u>	<u>3,106</u>

**16. Analysis of net assets between funds**

Fund balances at 31 August 2014 are represented by:

	<b>Unrestricted funds £000</b>	<b>Restricted general funds £000</b>	<b>Restricted fixed asset funds £000</b>	<b>Total funds £000</b>
Tangible fixed assets	-	-	2,666	2,666
Current assets	102	438	7	547
Current liabilities	-	(233)	-	(233)
Pension scheme liability	-	(939)	-	(939)
<b>Total net assets</b>	<u>102</u>	<u>(734)</u>	<u>2,673</u>	<u>2,041</u>

**17. Capital Commitments**

	<b>2014 £000</b>	<b>2013 £000</b>
Contracted for, but not provided in the financial statements	<u>-</u>	<u>-</u>

**18. Financial Commitments**

**Operating Leases**

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

<b>Other</b>	<b>2014 £000</b>	<b>2013 £000</b>
Expiring within one year	2	-
Expiring within two and five years inclusive – Photocopiers	1	2
Expiring in over five years	-	-
	<u>3</u>	<u>2</u>

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

**19. Reconciliation of net income to net cash (outflow)/inflow from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Net income	1,165	1,016
Depreciation (note 12)	100	4
Capital grants from DfE and other capital income	(15)	(81)
FRS 17 pension costs	100	21
Decrease/(increase) in debtors	31	(85)
(Decrease)/increase in creditors	(28)	261
Transfer from local authority on conversion (note 26)	(1,412)	(682)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(59)</b>	<b>454</b>

**20. Capital expenditure and financial investment**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Purchase of tangible fixed assets	(46)	(150)
Capital grants	15	81
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(31)</b>	<b>(69)</b>

**21. Analysis of changes in net funds**

	<b>At 1</b>		<b>At 31</b>
	<b>September</b>	<b>Cash flows</b>	<b>August</b>
	<b>2013</b>	<b>2014</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	524	(31)	493

**22. Members' Liabilities**

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.

**23. Contingent Liabilities**

There were no contingent liabilities as at the reporting date.

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

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**24. Pension and similar obligations**

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Reading Borough 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 was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £13,000 (2013 : £nil) were payable to the schemes at 31 August 2014 and are included in creditors

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), 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' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 investigation, 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.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by H M Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million.

**NET ACADEMIES TRUST**  
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**FOR THE YEAR ENDED 31 AUGUST 2014**

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**24. Pension and similar obligations (continued)**

Teachers' Pension Scheme (continued)

The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employer cost cap of 10.9% both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016 whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £115,973 (2013: £42,536).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

Local Government Pension Scheme

The Royal County of Berkshire LGPS is a funded defined-benefit scheme with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £131,000 (2013: £49,000) of which employer's contributions totalled £104,000 (2013: £33,000) and employees' contributions totalled £27,000 (2013: £16,000). The agreed contribution rates for future years are 16.6% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

**Principal Actuarial Assumptions**

	<b>At 31 August 2014</b>	<b>At 31 August 2013</b>
Rate of increase in salaries	4.4%	4.85%
Rate of increase for pensions in payment / inflation	2.6%	2.90%
Discount rate for scheme liabilities	3.9%	4.70%
Inflation assumption (CPI)	2.6%	2.90%

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

**24. Pension and similar obligations (continued)**

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

	<b>At 31 August 2014</b>	<b>At 31 August 2013</b>
<i>Retiring today</i>		
Males	22.7	23.1
Females	26.0	25.7
<i>Retiring in 20 years</i>		
Males	24.9	25.1
Females	28.3	27.6

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2014</b>	<b>Fair value at 31 August 2014 £000</b>	<b>Expected return at 31 August 2013</b>	<b>Fair value at 31 August 2013 £000</b>
Equities	6.7%	191	6.3%	136
Bonds	3.6%	66	4.4%	68
Property	5.9%	54	4.3%	29
Gilts	5.0%	5	3.5%	3
Cash	2.9%	15	0.5%	3
Other	5.0%	117	4.7%	84
		<hr/>		<hr/>
Total market value of assets		448		323
Present value of scheme liabilities		(1,060)		(924)
<b>Deficit in the scheme</b>		<hr/> <b>612</b>		<hr/> <b>(601)</b>

The actual return on scheme assets was £34,000 (2013: £15,000).

**Amounts recognised in the statement of financial activities**

	<b>2014 £000</b>	<b>2013 £000</b>
Current service cost	76	40
Past service cost	-	-
<b>Total operating charge</b>	<hr/> <b>76</b>	<hr/> <b>40</b>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	(19)	(9)
Interest on pension liabilities	47	23
<b>Pension finance costs</b>	<hr/> <b>28</b>	<hr/> <b>14</b>

**NET ACADEMIES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. Pension and similar obligations (continued)**

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £49,000 loss (2013: £123,000 loss).

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

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
At 1 September	924	-
Transfer on conversion	-	716
Current service cost	76	40
Employee contributions	27	16
Actuarial (gains)/loss	(39)	129
Interest cost	47	23
Losses on curtailments	85	-
Benefits paid	(60)	-
<b>At 31 August</b>	<b>1,060</b>	<b>924</b>

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

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
At 1 September	323	-
Transfer on conversion	-	259
Expected return on assets	19	9
Actuarial gain	35	6
Employer contributions	104	33
Employee contributions	27	16
Benefits paid	(60)	-
<b>At 31 August</b>	<b>448</b>	<b>323</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £54,000 (2014: £51,000).

**The history of experience adjustments is as follows:**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Present value of defined benefit obligations	(1,060)	(924)
Fair value share of scheme assets	448	323
<b>Deficit in the scheme</b>	<b>(612)</b>	<b>(601)</b>
<b>Experience adjustments on share of scheme assets</b>		
Amount £000	35	6
<b>Experience adjustments on scheme liabilities</b>		
Amount £000	69	-

**NET ACADEMIES TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. Pension and similar obligations (continued)**

The Warwickshire County Council LGPS is a funded defined-benefit scheme with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £44,000 (2013: £nil) of which employer's contributions totalled £33,000 (2013: £nil) and employees' contributions totalled £11,000 (2013: £nil). The agreed contribution rates for future years are 19.7% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

**Principal Actuarial Assumptions**

	<b>At 31 August 2014</b>
Rate of increase in salaries	4.5%
Rate of increase for pensions in payment / inflation	2.7%
Discount rate for scheme liabilities	3.7%

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

	<b>At 31 August 2014</b>
<i>Retiring today</i>	
Males	22.4
Females	24.4
<i>Retiring in 20 years</i>	
Males	24.3
Females	26.6

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2014</b>	<b>Fair value at 31 August 2014 £000</b>
Equities	6.3%	179
Bonds	3.4%	55
Property	4.5%	26
Cash	3.3%	3
Total market value of assets		263
Present value of scheme liabilities		(590)
<b>Deficit in the scheme</b>		<b>327</b>

The actual return on scheme assets was £16,000.

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

**24. Pension and similar obligations (continued)**

**Amounts recognised in the statement of financial activities**

	<b>2014 £000</b>
Current service cost	43
Past service cost	-
<b>Total operating charge</b>	<b>43</b>
 <b>Analysis of pension finance income/(costs)</b>	
Expected return on pension scheme assets	(9)
Interest on pension liabilities	14
<b>Pension finance costs</b>	<b>5</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £91,000.

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

	<b>2014 £000</b>
Transfer on conversion	424
Current service cost	43
Employee contributions	11
Actuarial loss	98
Interest cost	14
<b>At 31 August</b>	<b>590</b>

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

	<b>2014 £000</b>
Transfer on conversion	203
Expected return on assets	9
Actuarial gain	7
Employer contributions	33
Employee contributions	11
<b>At 31 August</b>	<b>263</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £51,000.

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

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**24. Pension and similar obligations (continued)**

The history of experience adjustments is as follows:

	<b>2014</b> <b>£000</b>
Present value of defined benefit obligations	(590)
Fair value share of scheme assets	263
<b>Deficit in the scheme</b>	(327)
<b>Experience adjustments on share of scheme assets</b>	
Amount £000	7
<b>Experience adjustments on scheme liabilities</b>	
Amount £000	-

**25. Related Party Transactions**

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

In the current period, the National Education Trust, a member of the academy trust, donated £7,000 (2013: £20,000) to NET Academies Trust. This has been spent on the running expenses of the multi-academy trust.

National Education Trust charged for educational improvement services amounting to £38,200 (2013: £18,849) and recharges of £5,654 (2013 : nil) during the year. At the balance sheet date, £35,703 (2013: £(1,151)) was due to National Education Trust.

Throughout the year, an employee of the sponsor has acted as Chief Executive and Accounting Officer. No charge has been made for these services, as it was not possible to quantify the value of these services.

**26. Conversion to an academy trust**

On 1 January 2014 the Henry Hinde Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to NET Academies Trust from the Warwickshire City Council 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 a net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

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

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**26. Conversion to an academy trust (continued)**

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.

	<b>Unrestricted funds £000</b>	<b>Restricted general funds £000</b>	<b>Restricted fixed asset funds £000</b>	<b>Total £000</b>
Long leasehold buildings	-	-	1,574	1,574
Budget surplus on LA funds	56	-	-	56
Budget surplus on school fund	3	-	-	3
LGPS pension deficit	-	(221)	-	(221)
<b>Net assets/(liabilities)</b>	<u>59</u>	<u>(221)</u>	<u>1,574</u>	<u>1,412</u>

The above net assets include £59,000 that was transferred as cash.

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NET ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

**YEAR ENDED 31 AUGUST 2014**

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In accordance with the terms of our engagement letter dated 10 September 2014 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 NET Academies Trust during the period 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 NET Academies Trust and the EFA in accordance with the terms of our engagement letter dated 10 September 2014. Our work has been undertaken so that we might state to NET Academies 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 the NET Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of NET Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of NET Academies Trust's funding agreement with the Secretary of State for Education dated 24 January 2013 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 period 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 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 trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S  
ASSURANCE REPORT ON REGULARITY TO NET ACADEMIES TRUST AND  
THE EDUCATION FUNDING AGENCY**

**YEAR ENDED 31 AUGUST 2014**

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**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 period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**BAKER TILLY UK AUDIT LLP**

Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

Date