

NORTH EAST LEARNING TRUST
(a company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 August 2019



**NORTH EAST LEARNING TRUST
FINANCIAL STATEMENTS
Year ended 31 August 2019**

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**NORTH EAST LEARNING TRUST
TRUSTEES' REPORT
Year ended 31 August 2019**

Members	Mr R Simpson Mrs D Nicholson Mr J Cameron Mrs M Saxton
Trustees	Mrs L Powell CBE- CEO and Accounting Officer Mrs M Saxton - Chair Mrs S McDonnell Mr D Gibson Mrs B Waugh Mrs S Mason Mrs A Moon Major J Bartlett Mr R Fairlamb – appointed 30 th October 2018
Executive Principal	Mrs Lesley Powell CBE
Company Secretary	Mr Lee Alexander
Senior Management Team Chief Executive Officer (CEO) Deputy CEO Deputy CEO Head of Financial Services Head of Human Resources	Mrs Lesley Powell CBE Dr Janice Gorlach Ms Toni Spoors Mr Lee Alexander Mrs Deborah Piggett
Principal and Registered Office	North East Learning Trust Passfield Way Peterlee Co Durham SR8 1AU
Company Registration Number	07492165
Independent Auditor	RSM UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	Lloyds PO Box 1000 Andover BX1 1LT
Solicitors	Ward Hadaway Law Firm Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust currently operates three primary and five secondary academies across the North East of England. Its academies have a combined total of 4,875 on role as per the October 2018 census.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The governors act as trustees for charitable activities of North East Learning Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is now known as North East Learning Trust. North East Learning Trust is a multi-academy trust consisting of The Academy at Shotton Hall, Browney Primary Academy, Teesdale Academy, Easington Academy, Sacriston Academy, Diamond Hall Junior Academy, Ashington Academy and Bedlington Academy.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

Members' liability

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

Trustees indemnities

Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Academy's Articles of Association indemnity insurance with Zurich has been taken out to cover the liability of Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Trustees.

Principal activities

The Trust's object ("the Object") is specifically restricted to the following: 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 a school offering a broad and balanced curriculum. The Academy Trust shall ensure that the broad and balanced curriculum includes English, Mathematics and Science and shall make provision for the teaching of religious education. The Academy Trust shall ensure that the Trust complies with any guidance issued by the Secretary of State from time to time to ensure that pupils take part in assessments and in teacher assessments of pupils' performance as they apply to maintained schools. In respect of all key stages the Academy Trust will submit the Trust to monitoring and moderation of its assessment arrangements as prescribed by the Secretary of State.

Method of recruitment and appointment or election of trustees

The Members of the Trust comprise the three signatories to the Memorandum and any person appointed under article 15A, provided that at any time the minimum number of members shall not be less than 3.

Details of the members and trustees of the board are shown in the Reference and Administration details. The members may appoint by ordinary resolution up to eight Trustees and the total number of Trustees including the Chief Executive Officer who are employees of the Academy Trust shall not exceed one third of the total number of Trustees. The quorum for meetings of the Trustees will be three voting Trustees and the term of office for all Trustees will be four years, save that this time limit shall not apply to any post which is held ex-officio.

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The Trustees are responsible for the performance of each Academy within the MAT, however, a range of responsibilities may be delegated to Local Academy Councils (LAC). The levels of delegation will be decided by the Trustees and the Executive Board and will be dependent upon the strength and capacity of the Academy. The Secretary of State may appoint such Additional Trustees as he thinks fit under Article 62, 62A, 62C or 68A. The Chairs of the Trustees will be elected at the first meeting of the academic year and must be ratified by members prior to taking up the position.

Policies and procedures adopted for the induction and training of governors

The Trust is fully committed to the development of effective governance and provide training to assist Trustees and LAC Governors in undertaking their role. A regular skills audit is carried out which enables the trust to ensure that Trustees and LAC Governors have the necessary skills and experience to carry out their governance roles. Trustees and LAC Governors are provided with regular statutory updates and also have access to the website and a Governor POD (SharePoint system to facilitate the sharing and reporting of relevant academy information) to assist in their continuous professional development.

Organisational Structure

The management structure consists of five levels; the Member, The Board of Trustees, the Local Academy Councils, Executive Board of senior management and phase specific strategy groups.

The Board of Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of performance figures, budgets and making strategic decisions regarding Trust development, capital expenditure and senior staff appointments.

The day to day operations of the Trust are delegated to the Chief Executive Officer (Accounting Officer) and Executive Board of senior management. Local Academy Council's act as advisory body to the Board of Trustees, in respect of individual schools. The LAC fulfils its role through meetings held to monitor student progress, at least at the rate that is expected of them.

Trust Management Structure

North East Learning Trust - Trustees

Terms of Reference

- Delivering the charitable objectives of the Trust.
- Leadership of the organisation and managing the charitable assets.
- Ensuring compliance with the Trust's duties under company law and charity law and agreements made with the DFE including the funding agreement.
- The determination and educational character and mission of the Trust.
- Ensuring the solvency of the Trust company and charity and safeguarding its assets and delivering its charitable outcomes.
- Ensuring the continued charitable status of the Trust.
- Setting key strategic objectives and targets and reviewing performance against these.
- Determining the Trust development plan and reviewing all Academy development plans.
- The approval of all statutory policies that are common to all Academies within the Trust.
- Ensuring that the year-end accounts are submitted to members for approval.
- Entering all contracts on behalf of the Trust.
- The approval of annual estimates of income and expenditure for the Trust at the beginning of the academic year.
- To authorise income and expenditure in line with the Scheme of Delegation.
- The appointment or dismissal of the CEO, Deputy CEO, Executive Principal, Principal and Finance Director. In the case of Principals representatives of the Local Academy Council may be involved.
- Intervening as appropriate in any Academy at risk of underperformance.
- Determination of the establishment, constitution, membership, proceedings and delegated powers and functions of the Local Academy Council and committees and their annual review and revision.

North East Learning Trust – Local Academy Council (LAC)

The levels of delegation are stipulated within the scheme of delegation.

Where an Academy joins the MAT with grade four from Ofsted/MAT review, the existing Governing Body will be replaced by an Interim Academy Council (IAC) if appropriate. The Trustees and Executive Board will be responsible for determining the members of the LAC and in some instances, where their skills will add to capacity may include some members of the existing Governing Body.

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Where an Academy joins the MAT with grade three or above the local governors will form the Local Academy Council. Their number may be supplemented by MAT appointed members.

Where an Academy is deemed to be at risk of failing its pupils/students, the Trust will exercise the right to reconstitute the LAC and appoint the majority of its members to ensure that the identified weaknesses can be effectively addressed. This may include the implementation of a LAC.

Arrangements for setting pay and remuneration of key management personnel

The Trustees have ultimate authority for setting pay and remuneration for all staff including key management personnel. No Trustee receives any pay or remuneration for discharging their duties as an officer to the company and therefore key management personnel consists of the Chief Executive Officer (CEO), Deputy CEO, Head of Schools' and Business Support Services team.

The Trust follows the arrangements for pay and remuneration as set out in the School Teachers' pay and conditions Document. This document forms the basis of our whole Trust pay policy which is supported by our performance review and appraisal policy. The scrutiny of setting the pay and remuneration for the key management personnel follows a robust formalised process.

Trade Union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
4	4

Percentage of time spent on facility

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

Total pay bill and facility time costs

Total cost of facility time	£668
Total pay bill	£18,200k
Percentage of pay bill spent on facility time	0.00%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours	0.0%
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Related parties and other connected parties and organisations

The Trust does not work in federation with any other organisation. However, informal relationships with local schools, universities, Teaching School alliance schools and businesses exist where these partnerships assist in the achievement of Trust objectives.

The Trust is working in partnership with East Durham College as joint sponsors of the Apollo Studio Schools Trust, a separate entity that does not form part of the North East Learning Trust.

Objectives and activities

Objects and aims

The principal object and activity of the charitable trust is the furtherance of Education in the North East of England, specifically establishing, developing, maintaining and managing its academies, offering broad provision from Early years through to Sixth form provision.

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Objectives, strategies and activities

The vision of the North East Learning Trust is that each child experiences excellence every day. The Trust is founded on deeply held principles that every child has the right to an excellent education and all Academies within the Trust are committed to:

- Pursuing excellence
- Encouraging all young people to aim high and make the most of their talents
- Providing an education that enables every young person to achieve their full potential and learn with confidence
- Providing a safe environment where young people are cared for
- Creating a healthy, happy, disciplined and supportive environment which promotes an independent work ethic and a love of learning
- Engendering respect for individuality and difference
- Nurturing a sense of social responsibility and spiritual and personal development
- Fostering integrity, resilience, creativity, good manners and sensitivity to the needs of others.

The main objectives and performance of the Trust during the year ended 31st August 2019 are summarised in the following table.

Objective	Performance
To raise the achievement of all students within the Trust.	<p>a) Primaries</p> <ul style="list-style-type: none"> • Browney Academy: KS2 Progress and attainment increased in both English and maths from 2017/2018. In the achievement of expected standard, there was an 8% increase in the combined scores; a 4% increase in reading and writing and an 11% increase in maths. An increase in the achievement of greater depth has also been demonstrated in reading (by 10%), maths (by 21%) and SPAG (by 32%) since 2017/2018. KS1 combined RWM increased by 10% and at greater depth 5%. • Diamond Hall Junior Academy: Combined RWM has increased by 10% this year. Expected attainment for reading, writing and SPAG are all above national expectation. Mathematics is in line with national expectation (79%). The number of pupils achieving greater depth increased in reading, SPAG and maths compared to last year's figures and writing remained the same at 24%. For reading, maths and combined RWM, disadvantaged pupils scored higher than all pupils nationally. Within this year's cohort 50% of our pupils were identified as disadvantaged. This year school completely closed the gap between achievement in combined RWM for disadvantaged pupils (69%) and other pupils (69%). Although, school has continued to close the gap year on year this is the first time the gap has been completely closed and is a major achievement in promoting social mobility through high aspiration and ensuring all our children have the life chances, choices and opportunities they deserve. This year EAL pupils (26% of year group total) achieved 85% RWM combined with 85% in reading, 95% in SPAG, 100% in writing and 90% in mathematics at expected standard. Of the 20 EAL pupils 25% achieved greater depth in reading, 30% greater depth in writing, 70% greater depth in SPAG and 40% greater depth in mathematics. • Sacriston Academy: Excellent improvement across the board from Early Years to Year 6. Statistics are showing an increasing trend over time with a combined RWM of 64%. Key Stage Two results are in line with National for KS2 Reading, Writing and Maths – a first for the school. Individual results in Reading, writing, GPS and maths all show a significant improvement trend. Progress data is impacted by the 'exceptionally' high KS1 data this school carries. Key Stage One data showed significant improvements for children achieving higher than expected standards in reading, writing and maths. <p>b) Secondaries</p> <ul style="list-style-type: none"> • At KS4, despite the addition of two inadequate schools to the trust in the last two years, overall unvalidated data for English and Maths at 4 and 5+ are broadly in line with nationals for 2019. Both A8 (48.9) and P8 (+0.016) are above nationals and this reflects our focus on all subjects across the curriculum. If we look at schools who have been in the trust for three years or more the figures rise considerably, this is

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	<p>the measure that is published in performance tables for MATs once three schools have been in the MAT for three or more years. This year, for schools who have been in the trust for three years, the P8 is +0.38, the A8 is 53.7, EM4+ is 73% and EM5+ is 52%.</p> <ul style="list-style-type: none"> At KS5 we were delighted to see a huge improvement at Teesdale with 26% of all grades at A* and 44% at A-A*. An amazing 100% of students achieved A-A* in Mathematics. At Bedlington value added was very strong, with a fantastic 29% of students achieving AAB in at least two facilitating subjects. Ashington also made some great strides forward, with entrants to medical school, Oxford and Cambridge. The proportion of higher grades was much improved. Overall all three sixth forms made good progress from 2018 to 2019.
To build and develop capacity.	<ul style="list-style-type: none"> Governance has been strengthened further. The central services team has continued to expand. The Teaching School, SCITT and Research School continue to impact positively and significantly on trust development in year.
Finance, HR, ICT and Estates to be managed efficiently to deliver excellent value for money.	<ul style="list-style-type: none"> Finance team has been expanded and roles realigned to further meet the needs of the growing trust. The ICT development plan is progressing in line with expectations and has significantly improved operational activities within and between schools as well as working innovatively with the trust teaching and learning team to enhance and improve offer across all schools. <p>We continue to develop our estate and significant work has been carried out this year to improve building/sites with a particular focus at Ashington, Sacriston and Sacriston.</p>
Further develop our systematic approach to academy improvement.	<ul style="list-style-type: none"> Trust development teams are fully developed and deployed effectively. Trust teaching and learning working groups have ensured significant progress and as a result, where appropriate, systems and procedures are aligned and embedded.

Teaching School, SCITT and Research School

- Teaching School is, by size, one of the top ten in the country.
- SCITT is highly regarded, growing and popular both with trainees and employing schools.
- Research School is highly successful and growing with significant activity in the North East.

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role. The Teaching School also contributes to the next generation of teachers, which has created greater opportunity for adults training in the North East of England.

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STRATEGIC REPORT

Achievements and Performance KPI's

Significant development and improvement for all academies has been the main priority throughout this year, including in particular, Ashington, Bedlington, Diamond Hall Juniors and Sacriston Academy. The Trust expanded further in September 2019 with the addition of Hermitage Academy and the Trust now comprises of nine schools (three primary and six secondary), a SCITT, Teaching School and Research School.

Individual school performance data is detailed in the table below:

Academy	Review	2018-19 – (2017/18)				
		% Reading	% SPAG	% Maths	% Passing English/ Maths 4+/5+	P8/A8
Ashington Academy (11-18)	Ashington was judged inadequate by Ofsted in 2015. Ashington joined the trust 12 th November 2017.				63/41 (60/40)	-0.2/46.28 (-0.2/46.28)
Bedlington Academy (11-18)	Bedlington was judged inadequate by Ofsted in 2015. Bedlington joined the trust 1 st April 2018.				46/23 (20/40)	-0.4/ 40.7 (-0.4/ 40.7)
Browney Academy (4-11)	Browney was judged good with many outstanding features by Ofsted in 2017. Browney joined the trust 1 st March 2014.	82	89	89		
Diamond Hall Junior Academy (7-11)	Diamond Hall joined the trust 1 st October 2017 and is judged good by Ofsted.	76	80	79		
Easington Academy (11-16)	Easington is a National Support school and joined the trust 1 st March 2017. Easington was judged good by Ofsted in 2016.				59/32 (60/40)	-0.16/47.5 (-0.16/47.5)
Sacriston Academy (3-11)	Sacriston joined the trust 1 st September 2017, having been judged inadequate by Ofsted in November 2016.	71	75	75		
The Academy at Shotton Hall (11-16)	Shotton Hall is a National Teaching school, National Support school, it has large, outstanding, cross phase SCITT and a Research school. Judged outstanding for the second time in July 2013.				73/48 (60/40)	+0.37/53.3 (+0.37/53.3)
Teesdale Academy (11-18)	Teesdale joined the trust in September 2016 having being graded RI by Ofsted. Teesdale was graded as Outstanding by Ofsted in June 2019.				74/62 (60/40)	+0.42/ 54.8 (+0.42/ 54.8)

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The primary schools in the trust have vastly different contexts and cohort sizes and each faced very different challenges during the year.

Summary data is very pleasing for our primary schools. At KS2 the combined data for pupils achieving the expected standard is above LA and nationals for SPAG, Reading, Maths and Writing as well as RWM combined. At greater depth it is above LA and nationals for SPAG, Reading and Maths and inline for writing. The match for the combined figure for greater depth is however below nationals and the LA. In terms of scaled scores, they are above the nationals and the LA in SPAG, Reading and maths. Disadvantaged pupils have performed considerably better than disadvantaged pupils nationally. This is in the overall context of 47% DA and 14% SEND.

At KS4, despite the addition of two inadequate schools to the trust in the last two years, overall unvalidated data for English and Maths at 4 and 5+ are broadly in line with nationals for 2019. Both A8 (48.9) and P8 (+0.016) are above nationals and this reflects our focus on all subjects across the curriculum. If we look at schools who have been in the trust for three years or more the figures rise considerably, this is the measure that is published in performance tables for MATs once three schools have been in the MAT for three or more years. This year, for schools who have been in the trust for three years, the P8 is +0.38, the A8 is 53.7, EM4+ is 73% and EM5+ is 52%.

At KS5 we were delighted to see a huge improvement at Teesdale with 26% of all grades at A* and 44% at A-A*. An amazing 100% of students achieved A-A* in Mathematics. At Bedlington value added was very strong, with a fantastic 29% of students achieving AAB in at least two facilitating subjects. Ashington also made some great strides forward, with entrants to medical school, Oxford and Cambridge. The proportion of higher grades was much improved. Overall all three sixth forms made good progress from 2018 to 2019.

Financial and risk management objectives and policies

The Trust aims to minimise exposure to fluctuations in the value of financial instruments. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The exposure to credit risk and bad debts are kept to a minimum as there is only a relatively low level of exposure to debtors at any time during the year.

The Trust does, like many other institutions, have an ongoing liability in respect of defined benefit pension schemes relating to some of their employees. More information can be found regarding this in the relevant note to the accounts.

In managing the risk relating to the liability of the defined benefit pension schemes, the Trust includes employer contributions in the budgets and cash flow forecasts at the contribution rate set out at the triennial review of each scheme. Sensitivity analysis is undertaken to estimate any adverse changes in contribution rate.

Risk management

The Trust has produced a risk register in order to formally identify the major risks to which the Trust is exposed. A number of systems to assess risks that the school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and educational visits) have already been introduced and furthermore, appropriate arrangements (e.g. a regular and thorough lesson observation programme; safer recruitment; vetting of visitors and staff supervision procedures) are firmly in place to minimise risk. This includes an effective system of internal financial controls. Where significant financial risk remains, adequate insurance cover is in place.

Key performance indicators

Expenditure ratios	2019	2018
Total staff costs/GAG income	92%	96%
Teaching staff costs/GAG income	72%	76%
Support staff costs/GAG income	20%	21%
Liquidity Ratio		
Current assets/current liabilities	2.0	2.6

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Financial Review

During the year ending 31st August 2019 total income of £32,612k (2018: £71,983k) represents a decrease in income due to the recognition of transferring net reserves, assets and pension liabilities associated with the in year acquisitions of four academies (£43,059k) in 2018. Before transfers this was £28,924k. The increase in income before transfers largely relates to the new schools which are included for a full 12 months compared to part year for 2017/18. The majority of the Trust income is obtained from the DfE in the form of recurrent grants, made up of General Annual Grant £25,586k (2018: £22,330k), Start-up and capacity grants of £137k (2018: £703k), Pupil premium of £1,713k (2018: £1,484k) and Teaching School grants of £1,060k (2018: £998k), the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the year ended 31st August 2019.

The increase in the total expenditure to £34,541k (2018: £31,078k) is mainly due to the addition of Bedlington Academy which transferred April 2018 and therefore current year costs are higher for the full year. The excess of income over expenditure for the year excluding fixed assets and pension deficit liabilities before other recognised gain and losses but including transfers to capital was £36k (2018: £25k). Therefore, the net in year surplus has increased the closing reserves to £4,033k (2018: £3,997k) being restricted reserve of £409k (2018: £435k) and unrestricted reserve of £3,624k (2018: £3,562). The net income excluding transfers in is £1,929k deficit (2017: £889k deficit).

Net current assets are £4,033k (2018: £5,032k), this decrease reflects the reduction in cash due to the release of funds for significant capital projects during the year. Cash balances remain favourable at £5,385k (2018: £5,913k).

The Trust recognises that the defined benefit pensions scheme deficit represents a significant potential liability. However, the Trust considers that as each individual academy is able to meet its pension contributions for the foreseeable future, the risk from this liability is reduced. The liability does not have an immediate cash flow impact and is linked to future contributions.

Going concern

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

The North East Learning Trust

The Trust has continued to develop Trust policy and establish processes and systems designed to make the integration of future new schools easier. Significant steps have been taken to ensure the Trust has sufficient capacity, including new staff appointments to support the growth and development strategy. The Trust head office function will also benefit from a central headquarters for Finance, Payroll, HR, IT, Estates, Marketing and communications all based in Peterlee, close to The Shotton Hall Academy lead school and central for all transport links to our schools. During the year further restructuring was undertaken to address the needs of schools to best serve students, improve service areas and rectify deficit budgets.

The Academy at Shotton Hall

As lead school for the Multi Academy Trust the school continues to be a popular choice for students and parents and pupil number intakes remain strong. The School has completed the construction of new class rooms to further service the needs of our pupils and staff. The Trust received contributions from the DfE on behalf of Shotton Hall as part of GAG funding of 636k to bridge the "Affordability Gap" in the LA Private Finance Initiative for the building of the school premises.

Browney Primary Academy

Following the continued success and school improvement, Browney Academy continues to be the school of choice in the area. During the year changes have been made to accommodate additional student classes as a result of the school's growth. Further improvements have been made to the site after the year end to improve delivery access, storage and provide additional intervention spaces to further support the needs of the Academy.

Teesdale School and Sixth Form

At the year end the in-year deficit was £239k reducing the cumulative reserves to £91k. The academy has undergone further improvement during the year and the learning environment has significantly improved following further investment in new furniture, facilities and safeguarding improvements. Due to the increased performance and results of the school and the recent Ofsted judgment of Outstanding there are signs of student number growth which is essential to Teesdale's long-term sustainability.

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Easington Academy

At the year end the in-year deficit was £47k reducing the cumulative reserves to £698k. During the year significant staff cost savings were made mainly due to natural wastage, although this was partially offset by agency costs the school has continued to improve its financial position.

Sacriston Academy

Sacriston Academy has continued to significantly improve in both performance and facilities, with new exciting learning spaces enhancing the learning experience for our children. Sacriston has continued its journey improving the inherited financial position minimising the in year deficit to £16k, whilst re-establishing itself as an excellent choice for parents in the local community.

Diamond Hall Junior Academy

Diamond Hall joined the Trust on the 1st October 2017. The predecessor maintained school was judged as Good by Ofsted in 2014 and the academy chose to join NELT to further strengthen the Trust vision and add capacity in the Primary phase. The year end surplus of £31k has further strengthened reserves to £210k at the year end. There remain capital investment plans to improve the external playground facilities to enhance the learning experience for Diamond Hall pupils and the wider community.

Ashington Academy

Since the transfer in 2017 rapid improvement has been made to improve standards and ensure the school can continue as a viable going concern. The school building itself is of 1950's construction and the Trust have improved many of the learning spaces and modernised the external appearance through the replacement of curtain walling to most of the external walls. There has been significant investment and improvement in IT infrastructure to improve site resilience and student learning experience, including specialist Art classrooms. There is an extensive programme of condition improvement which is prioritised in line with available funding, however there is the need for significant investment over the next 5 years.

Bedlington Academy

Bedlington has continued to improve its financial position, from that of the inherited deficit operating budget back in 2018. The year end deficit of £213k has contributed to closing deficit reserve of £145k. Whilst the Trust continues its journey of improvement and efficiency there are other factors concerning unfunded in year transfers due to local changes removing middle tier schools. Bedlington is continuing its recovery from falling rolls prior to transfer to the Trust and although there have been many in year student transfers the school is suffering from the lag funding methodology, which will remain unfunded until September 2020.

The Shotton Hall School Centred Initial Teacher Training (SCITT)

The SCITT rated as Outstanding by Ofsted in 2015, continues to be a success and generated additional income of £741k (2018: £576k). The continued success has resulted in 86 (2018: 73) graduates for the 2018/19 cohort, 53% (2017: 51%) of student teachers were judged to be outstanding, 97% (2018: 93%) were judged to be good or better and 84 out of 86 were in fulltime employment upon completion of the course.

During the year the Trust has further developed Teaching School activity providing additional income of £1,060k (2018: £998k), resulting in a surplus of £63k (2018: £28k).

The Trust Scheme of delegation and Finance Manual sets out the key financial responsibilities and policies including: delegation of spending, capitalisation limit, purchasing procedures including procurement regulations and systems of internal control. During the year many changes have been made as the Trust continues to develop policies and procedures appropriate for the size and composition of the Trust. All expenditure of the Academy Trust is made in line with this manual as and such, supports the provision of Education of all students on role.

Reserves policy

It is intended that the Trustees will review the reserve levels of the Trust annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The academy intends to invest in further facilities for dining, physical education and is developing a long-term IT and asset replacement strategy to identify key lifecycle milestones. It is clear for most Trust academies that significant IT lifecycle replacement is needed in the next 1-2 years.

A long term pension deficit exists at 31 August 2019 of £10,464k (2018: £6,913k).

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The level of free reserves at the year ended 31 August 2019 was £4,033k (2018: £3,997k), of which a reserve of £409k (2018: £435k) is restricted and £3,624k (2018: £3,562k) is unrestricted. These are funds which are available for furtherance of the educational charitable objectives.

The Trust target reserves are 2 months' expenditure which is £5,756k. Individual academies are expected to produce at least a break even budget each year with a surplus of 5% of GAG income targeted. The Trust recognises that this is not feasible in some cases where academies have low pupil numbers, or lower funding levels. In these cases, the Trust supports those academies in deficit and works with them to return the academy to a surplus position.

Investment policy

The investment policy aims to manage cash balances to provide daily working capital requirements. In addition, the Trust aims to invest surplus cash funds to optimise returns, while ensuring the investment instruments are such that there is no risk to the loss of these cash funds. No cash deposits existed at the year end, however following the rapid growth of schools joining the trust and a degree of uncertainty regarding their budgets and available reserves following transfer, combined with capital programmes that are now deferring investment that was anticipated to occur during 2018/19, investments are now planned in line with the Trust articles.

Principal risks and uncertainties

The Principal risks and uncertainties continue to arise from the rapid pace of change in the educational landscapes arising from the change in government and the development of the Academies framework. In curricular terms we have adopted a working brief and are ensuring we respond quickly and flexibly. The most significant areas of concern arise from ongoing national changes to school funding as all schools are unclear as to how this would impact financially in future years.

The Trust has gone through a period of rapid growth, which has been managed effectively with the added support of additional capacity funding. The Trust continues to improve budgets and value for money, particularly for those schools that at the point of transfer had financial difficulties and there are very positive signs of improvement, but remain a risk until full recovery of students numbers are met. The medium term plan continues to identify areas of financial risk that need to be addressed.

Fundraising

The academy trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure. The Trust does not utilise the services of a professional fundraiser.

Plans for Future Periods

The Trust is committed to the continual improvement of teaching and learning raising standards in conjunction with DfE and the Ofsted framework, but ultimately is focused on the best possible for our children. The Trustees are committed to the growth strategy and are focused on the development of best practice within all Trust schools, for the benefit of the wider trust. The Trustees are committed to raising the profile and standards of all Trust schools in order to increase pupil numbers and improve the learning outcomes. The Trust intends to continually grow the teaching school activities and is dedicated to providing high quality training for future SCITT trainees and apprentices.

The Trust includes further challenges regarding building condition and sport facilities and is actively working to secure additional funding and improve available facilities.

Employee Consultation and Disabled Employees

The Academy is committed to ensuring equality of opportunity for all who learn and work in its academies. We respect and value differences in race, gender, sexual orientation, ability, class and age. We strive to remove conditions which place people at a disadvantage and we actively address bigotry and discrimination.

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment within the Academy continues. The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as is possible, identical to those for other employees.

NORTH EAST LEARNING TRUST
TRUSTEES' REPORT
Year ended 31 August 2019

The Academy works with employee trade unions and professional associations across all of its academies and engages in consultation, as required, to ensure that all aspects of the company affecting its employees, including financial and economic factors, are discussed, conveyed and consulted on with them.

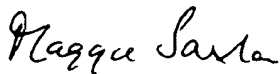
Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

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

The Trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 17th December 2019 and is signed on its behalf by:



Maggie Saxton
Chair

NORTH EAST LEARNING TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2019

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that North East Learning Trust 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 Principal, as Accounting Officer, for ensuring financial controls conform with 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 East Learning Trust the Secretary of State for Education. They are also responsible for reporting to the Trustees 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 Statement of Governors' responsibilities. The board of Trustees exercise effective oversight throughout the year with regular engagement with the executive board, utilising information shared on Governors' POD and attendance of the Finance and Audit committee meetings. The Trustees have formally met 4 times during the year. Attendance during the year at meetings of the Trustees was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs L Powell	4	4
Mrs M Saxton	4	4
Mrs S McDonnell	0	4
Mr D Gibson	3	4
Mrs B Waugh	3	4
Mrs S Mason	1	4
Mrs A Moon	4	4
Major J Bartlett	1	4
Mr R Fairlamb	2	2

Governance review

The governance manager continually reviews policy updates, governance structure and scheme of delegation, to confirm that they are 'fit for purpose'. During the year the Trust's biggest challenge was in relation to Trust growth, the Trustees were kept informed throughout the early due diligence phase in all respects and had confidence that the new Academy's would in time benefit the wider Trust once development plans were executed.

During the year the Trust continued to develop governance to establish any improvement to further embed consistent practice throughout the Trust. The ongoing development of local academy councils (LAC's) continues ensuring they undertake their responsibilities for the review of academy performance as defined by the scheme of delegation. Trustees are kept well apprised of school performance and review by LAC's at committee meetings. Trustees are mindful of the need to increase leadership and support functions in line with Trust growth and are satisfied that appropriate action has been taken to minimise areas of risk and build on resource and expertise in key areas to facilitate Trust development. Trustees have received timely information regarding the development and progress at all schools, with particular scrutiny of new schools and the challenges they face in the early phase of joining the Trust. Trustees are confident that future financial forecasts are strong which will allow the Executive Board to implement improvement plans that will aim to increase student numbers and academic results for students.

The Finance and Audit committee is a subcommittee of the main governing body and is made up of 5 of the 9 Trustees, its purpose is to review the financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

- Assisting the decision-making process of the Trust, by enabling more detailed
- consideration to be given to the finances and resources.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, Charity Commission requirements and the DfE guidance issued to Academies.
- Reporting directly to Trustees.
- Compliance with financial regulations and standing orders of the Trust.
- Considering all personnel management procedures.
- To apply the Performance Management Scheme for the Principals and Executive Principals of the Academies.
- To make recommendations on these matters to the Trustees.

NORTH EAST LEARNING TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2019

During the year the financial performance was reviewed in full at both the main board and finance and audit committee, ensuring robust governance and effective financial management was conducted throughout the year. Management accounts are also shared monthly on the Governors Pod, online site.

Attendance at the meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs M Saxton	1	2
Mrs B Waugh	2	2
Mr J Bartlett	2	2
Mrs S Mason	1	2
Mrs Lesley Powell	1	2

Review of value for Money

As accounting officer, the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Trust academy contracts for supplies and services and an exercise to standardise and limit suppliers is ongoing which will ultimately provide a Trust catalogue of approved items. The central Finance function negotiates contracts on behalf of the Trust enabling us to secure greater value for money through the increased purchasing power and time saved at local academies no longer needing to be involved in detailed price negotiations.

Catering supplies have largely been aligned, which has both streamlined the ingredients used and improved the catering offer.

We continue to use both national (Crown Commercial Services) and local authority frameworks for the procurement of IT equipment and licensing and multi-function print devices. It is anticipated that we will see significant savings utilising new CCS frameworks for utilities, agency staff and perhaps recruitment costs over the next year.

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 North East Learning Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North East Learning Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trustees review the key risks of North East Learning Trust on an on-going basis to minimise any potential risk together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are aware of the view that there is a formal on-going process for identifying, evaluating and managing North East Learning Trust significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The risk and control framework

North East Learning Trust 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 Local Academy Council;

**NORTH EAST LEARNING TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2019**

- 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 Trustees have considered the need for a specific internal audit function and has decided to engage RSM Risk Assurance Services LLP to provide separate assurance engagements throughout the year to complete a range of checks on the Academy Trust's financial systems. Internal assurance reports will be reported to the Trustees on the operation of the systems of control and on the discharge of the Trust's financial responsibilities.

Specific reviews undertaken during the year related to operation of the procurement and online Tucasi payment system. There were no significant findings from these reports.

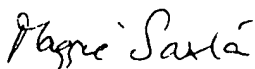
On completion of these reports, the reviewer reports to the board of trustees, through the finance committee on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

Review of effectiveness

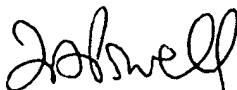
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal reviewer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the Head of Finance within the Academy Trust who has 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 Trustees on 17th December 2019 and signed on its behalf by:



Maggie Saxton
Chair



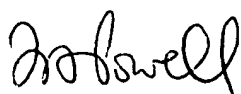
Lesley Powell
Accounting Officer

NORTH EAST LEARNING TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
Year ended 31 August 2019

As Accounting Officer of North East Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Mrs Lesley Powell
Accounting officer

NORTH EAST LEARNING TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
Year ended 31 August 2019

The trustees (who act as trustees for charitable activities of North East Learning Trust and 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 Academies Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

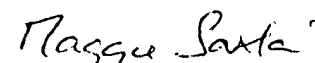
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and Academies Accounts Direction 2018-19;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been 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 both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 17th December 2019 and signed on its behalf by:


Maggie Saxton
Chair

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NORTH EAST LEARNING TRUST
Year ended 31 August 2019**

Opinion

We have audited the financial statements of North East Learning Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees Report which includes the Directors' Report and the Strategic Report for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report and the Strategic Report included within the Trustees Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NORTH EAST LEARNING TRUST
Year ended 31 August 2019**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' or the Strategic Report included within the Trustees report.

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

- adequate accounting records have not been kept by the charity, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Statement of Trustees' responsibilities, the governors (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed



CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle Upon Tyne
NE1 4AD



NORTH EAST LEARNING TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(Including income and expenditure account)
for the year ended 31 August 2019

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	4	25	-	1,359	1,384	1,440
Transfer/conversion from local authority		-	-	-	-	43,059
Charitable activities:						
Funding for the academy trust's educational operations	2	-	28,469	-	28,469	25,206
Teaching Schools	28	-	1,060	-	1,060	998
Other trading activities	5	1,596	73	-	1,669	1,271
Teaching Schools	28	26	-	-	26	6
Investment income	6	4	-	-	4	3
Total		<u>1,651</u>	<u>29,602</u>	<u>1,359</u>	<u>32,612</u>	<u>71,983</u>
Expenditure on:						
Raising funds	7	1,033	52	-	1,085	958
Charitable activities:						
Academy trust educational operations	8	110	29,342	2,981	32,433	29,144
Teaching Schools	29	-	1,023	-	1,023	976
Total		<u>1,143</u>	<u>30,417</u>	<u>2,981</u>	<u>34,541</u>	<u>31,078</u>
Net income / (expenditure)		508	(815)	(1,622)	(1,929)	40,905
Transfers between funds	19	(446)	210	236	-	-
Other recognised gains / (losses):						
Remeasurement of net defined benefit Obligations	27	-	(2,972)	-	(2,972)	905
Net movement in funds		<u>62</u>	<u>(3,577)</u>	<u>(1,386)</u>	<u>(4,901)</u>	<u>41,810</u>
Reconciliation of funds						
Total funds brought forward		<u>3,562</u>	<u>(6,478)</u>	<u>62,851</u>	<u>59,935</u>	<u>18,125</u>
Total funds carried forward		<u>3,624</u>	<u>(10,055)</u>	<u>61,465</u>	<u>55,034</u>	<u>59,935</u>

NORTH EAST LEARNING TRUST
(Company number: 07492165)
BALANCE SHEET
for the year ended 31 August 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	61,437	61,785
Intangible assets	13	28	31
Current assets			
Stock	15	25	24
Debtors	16	2,583	2,279
Cash at bank and in hand		5,385	5,913
		<u>7,993</u>	<u>8,216</u>
Liabilities			
Creditors: amounts falling due within one year	17	(3,960)	(3,184)
Net current assets		<u>4,033</u>	<u>5,032</u>
Net assets (excluding pension liability)		65,498	66,848
Pension scheme liability	28	<u>(10,464)</u>	<u>(6,913)</u>
Net assets (including pension liability)		<u>55,034</u>	<u>59,935</u>
Funds of the Trust:			
Restricted funds			
Restricted fixed Asset fund	19	61,465	62,851
Restricted general fund	19	409	435
Pension fund	19	(10,464)	(6,913)
		<u>51,410</u>	<u>56,373</u>
Unrestricted fund			
General fund	19	3,624	3,562
Total funds	19	<u>55,034</u>	<u>59,935</u>

The financial statements on pages 22 to 46 were approved by the Governors and authorised for issue on 17th December '19 and signed on their behalf by:

Maggie Saxton

Maggie Saxton
Chair

**NORTH EAST LEARNING TRUST
CASHFLOW STATEMENT
for the year ended 31 August 2019**

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	26	739	(319)
Cash flows from investing activities	26	(1,267)	1,520
Change in cash and cash equivalents in the reporting period		<u>(528)</u>	<u>1,201</u>
Cash and cash equivalents at 1 September 2018		5,913	4,712
Cash and cash equivalents at 31 August 2019	26	<u>5,385</u>	<u>5,913</u>

**NORTH EAST LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1 STATEMENT OF ACCOUNTING POLICIES

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

General Information

North East Learning Trust is a Charitable Company (the 'Academy Trust'). The address of the Trust's principal place of business is given in the 'Company Information' pages. The nature of the Academy Trust's operations set out in the Trustees' Report.

Basis of Preparation

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

North East Learning Trust meets the definition of a public benefit entity under FRS 102, and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest £1,000 except where otherwise indicated

Going Concern

After reviewing financial and other information available, the trustees consider that the Academy 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.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Incoming resources

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full and there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement when performance conditions are met and are not deferred over the life of the asset on which they are expended.

**NORTH EAST LEARNING TRUST
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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 hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or the completion of the service.

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income. The amounts are recognised and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Expenditure

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 on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Expenditure on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities are costs incurred on the Academy Trust's educational operations and teaching schools, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the ESFA/DfE.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the ESFA, where the asset acquired or created is held for a specific purpose.

Building Schools for the Future

The Trust occupies a building (The Academy at Shotton Hall) which was procured by Durham Local Authority under the BSF programme as a Private Finance Initiative (PFI) project. The Academy pays revenue contributions in respect of Facilities Management. The BSF contract will expire in 2036. The Academy does not have any rights or obligations of ownership in respect of these assets, and therefore they are not included on the Trust's balance sheet. The revenue payment for service costs are recognised in the SOFA.

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When the Trust procures and pays for additional furniture or equipment, or changes to the building, the costs are capitalised and depreciated in accordance with the Tangible Fixed Asset policy below.

Private Finance Initiative (PFI)

The Trust occupies a building (Bedlington Academy) which was procured under the ESFA PF2 programme which includes Land and Buildings of £15.4m which are maintained by a third party under a PFI agreement. The Trust has entered into a 25 year agreement with ESFA. Due to the nature of the asset and the terms of the agreement, the Trust has the rights and obligations which in substance give the Trust the right to use the asset. As such the trust recognises the building on the balance sheet at its fair value. Under the agreement there is no obligation to make a capital contribution in respect of the property.

Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

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

- Purchased computer software 5 years

Tangible fixed assets

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefit. All other costs of repair and maintenance are charged to the statement of financial activities as incurred.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

Tangible fixed assets which are gifted on conversion are included at their fair value.

Depreciation is provided on all tangible fixed assets other than freehold land, on a straight-line basis over its expected useful life dependant on the type of asset.

- Freehold buildings & Leasehold improvements 10 years – 50 years
- Leasehold buildings 25 years
- Fixtures, fittings and equipment 7 years
- ICT Hardware 5 years
- Motor vehicles 5 years

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.

Stock

Exercise books are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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

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Part 11 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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Operating leases

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

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measure at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 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 Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a projected benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy 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 Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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

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and are updated at each balance sheet date. The amounts charged to net income are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised as other comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £2,972k.

Critical areas of judgement:

Land and buildings - certain Land and buildings are held under a 125-year lease from various Councils. These assets are included on the balance sheet of the Trust due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the Trust could use them without major modification.

PFI arrangements

Management are required to make a judgement as to the appropriate accounting treatment and presentation of properties subject to PFI. They do this on a case by case basis with reference to the specific contracts in place.

The considerations include:

- Right to access/restrictions of use
- Risks of ownership
- Rewards of ownership
- Substance of transaction
- Any obligation to make capital contributions

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2 CHARITABLE ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Funding for the Academy Trusts educational operations				
DfE/ESFA REVENUE GRANTS				
General annual grant (GAG) (note 3)	-	25,586	25,586	22,330
Start up grants	-	137	137	703
Other DfE/Group grants	-	2,251	2,251	1,802
	-	27,974	27,974	24,835
OTHER GOVERNMENT GRANTS				
Local authority grants	-	398	398	283
Other grants	-	97	97	88
	-	496	496	371
	-	28,469	28,469	25,206
Teaching School (note 29) – DfE grants	-	1,060	1,060	998
2018	-	26,204	26,204	

3 GENERAL ANNUAL GRANT (GAG)

The funding agreement for all academies within the trust have no restriction on GAG carry forward.

4 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	Restricted fixed assets Funds £000	Total 2019 £000	Total 2018 £000
Donations	25	-	-	25	361
Capital grants	-	-	1,359	1,359	1,079
	25	-	1,359	1,384	1,440
	285	76	1,079	1,440	

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5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Catering income	1,044	-	1,044	906
School trips	378	-	378	323
Income from lettings	9	-	9	16
Sale of merchandise	30	-	30	26
Other income	135	73	208	-
	<u>1,596</u>	<u>73</u>	<u>1,669</u>	<u>1,271</u>
Teaching School (note 30)	26	-	26	6
	<u>1,622</u>	<u>73</u>	<u>1,695</u>	<u>1,277</u>
2018	<u>1,277</u>	<u>-</u>	<u>1,277</u>	

6 INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	4	-	4	3
2018	<u>3</u>	<u>-</u>	<u>3</u>	

7 EXPENDITURE

	Staff Costs £000	Non Pay Expenditure		Total 2019 £000	Total 2018 £000
		Premises £000	Other £000		
Expenditure on raising funds:					
Allocated support costs	-	-	1,085	1,085	958
Academy's educational operations:					
Direct costs	18,637	2,674	2,013	23,324	20,422
Allocated support costs	4,535	-	4,574	9,109	8,722
Teaching school					
Direct costs	423	-	-	423	426
Allocated support costs	41	-	559	600	550
	<u>23,636</u>	<u>2,674</u>	<u>8,231</u>	<u>34,541</u>	<u>31,078</u>

Expenditure on raising funds was £1,085k (2018: £958k) of which £1,032k (2018: £820k) was unrestricted and £53k (2018: £138k) was restricted general fund.

	2019 £000	2018 £000
Income/(expenditure) for the period includes:		
Depreciation and Amortisation	2,981	2,401
PFI service cost	1,146	980
Fees payable to auditor for:		
Audit	22	22
Other assurance services	14	6
Net interest on defined benefit pension liability	<u>182</u>	<u>161</u>

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8 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

			Total 2019 £000	Total 2018 £000
Direct costs				
Educational operations			23,324	20,422
Teaching schools			423	426
Support costs				
Educational operations			9,109	8,722
Teaching schools			600	550
			33,456	30,120
Analysis of support costs	Educational operations £000	Teaching schools £000	Total 2019 £000	Total 2018 £000
Support staff costs	4,535	41	4,576	4,497
Maintenance of premises & equipment	431	-	431	285
PFI costs	1,146	-	1,146	980
Rates	610	-	610	541
Insurance	115	-	115	67
Recruitment & support	48	-	48	50
Bank interest & charges (incl. FRS 102 £182k)	195	-	195	171
Staff Insurance	108	-	108	66
Travel & Subsistence	156	9	165	93
Transport	209	-	209	190
Work Related	289	-	289	261
Subscriptions	54	3	57	83
Printing/Photocopying	170	6	176	186
Service Contracts	405	199	604	635
Governance costs	125	6	131	146
Cleaning Costs	359	-	359	184
Other Support Costs	154	336	490	837
Total support costs	9,109	600	9,709	9,272

Expenditure on charitable activities was £33,456k (2018: £30,121k) of which £110k (2018: £141k) was unrestricted, £2,981 (2018: £2,401) was restricted fixed asset funds and £30,365 (2018: £27,579) was restricted general funds.

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9 STAFF COSTS

a)	2019 £'000	2018 £'000
Staff costs during the period were:		
Wages and salaries	17,882	15,970
Social security costs	1,742	1,551
Pension costs	3,255	2,875
Apprenticeship Levy	97	62
	<u>22,976</u>	<u>20,458</u>
Supply teacher costs	496	449
Staff restructuring costs	164	559
	<u>23,636</u>	<u>21,466</u>

b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £77k (2018: £246k).

Individually the payments were £4,292, £15,000, £2,700, £20,000, £11,000, £12,000, £6,152 and £5,537.

No specific funding was received or receivable to support the restructuring payments in respect of the current or prior year.

c) Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year ended 31 August 2019 was as follows:

	2019 No.	2018 No.
Teachers	305	296
Administration and support	333	307
Management	20	20
	<u>658</u>	<u>623</u>

d) Higher paid staff

The number of employees whose annual emoluments (excluding pension contributions) fell within the following bands was:

	2019 No.	2018 No.
£60,001 - £70,000	10	4
£70,001 - £80,000	4	5
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-

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e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer National Insurance contributions) received by key management personnel for their services to the academy trust was £625,324 (2018: £602,288).

10 CENTRAL SERVICES

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

- Human Resources
- Financial Services
- Legal Services
- Education Support Services
- Marketing
- Estates and Health and Safety Management

The trust charges for these services on a combination of direct apportioned time and residual values are on a per pupil number basis.

The actual amounts charged during the year were as follows:

	£'000	Total 2019 £'000	£'000	Total 2018 £'000
The Academy at Shotton Hall – Academy only	429		364	
Shotton Hall SCITT	30		23	
Teaching School	24		39	
The Academy at Shotton Hall		483		426
Brownley Primary Academy		24		20
Teesdale Academy		192		175
Easington Academy		245		253
Sacriston Academy		53		41
Diamond Hall Junior Academy		66		109
Ashington Academy		386		316
Bedlington Academy		247		111
		<u>1,696</u>		<u>1,451</u>

11 TRUSTEES' REMUNERATION AND EXPENSES

The Executive Principal only receives remuneration in respect of services they provide undertaking the role of Principal and Accounting Officer. Under their contract of employment and not in respect of their service as trustee. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees. The annual amount of Principal's remuneration was £165,008 (2018: £160,000) and pension contributions paid in the year was £27,193 (2018: £26,368).

During the year ended 31 August 2019 the trustees were reimbursed expenses relating to travel and subsistence expenses of £11 (2018: £81).

Related party transactions involving the trustees are set out in note 24.

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12 TRUSTEES' AND OFFICERS' INSURANCE

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

13 INTANGIBLE FIXED ASSETS

	Computer Software £000	Total £000
Cost		
At 1 September 2018	36	36
Additions	5	5
Disposals	-	-
At 31 August 2019	<u>41</u>	<u>41</u>
Depreciation		
At 1 September 2018	5	5
Charged in year	8	8
Disposals	-	-
At 31 August 2019	<u>13</u>	<u>13</u>
Net book values		
At 31 August 2018	31	31
At 31 August 2019	<u>28</u>	<u>28</u>

14 TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2018	64,745	242	585	58	65,629
Additions	1,958	318	271	77	2,624
Disposals	-	-	-	-	-
At 31 August 2019	<u>66,703</u>	<u>560</u>	<u>856</u>	<u>135</u>	<u>68,253</u>
Depreciation					
At 1 September 2018	3,328	186	289	40	3,845
Charged in year	2,799	43	106	25	2,972
Disposals	-	-	-	-	-
At 31 August 2019	<u>6,127</u>	<u>229</u>	<u>395</u>	<u>65</u>	<u>6,816</u>
Net book values					
At 31 August 2018	61,411	56	300	18	61,785
At 31 August 2019	<u>60,576</u>	<u>331</u>	<u>461</u>	<u>70</u>	<u>61,437</u>

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15 STOCK

	2019	2018
	£000	£000
Exercise Books	25	24
	<u>25</u>	<u>24</u>

16 DEBTORS

	2019	2018
	£000	£000
Trade debtors	39	42
VAT recoverable	996	787
Other debtors	24	70
Prepayments and accrued income	1,524	1,379
	<u>2,583</u>	<u>2,279</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Trade creditors	1,762	1,549
Other taxation and social security	430	419
Other creditors	217	332
Accruals and deferred income	1,551	884
	<u>3,960</u>	<u>3,184</u>

	2019	2018
	£000	£000
Deferred income		
Deferred income at 1 September 2018	174	133
Released from previous years	(162)	(133)
Resources deferred in the year	394	174
Deferred Income at 31 August 2019	<u>406</u>	<u>174</u>
Accruals	1,145	710
Total accruals and deferred income	<u>1,551</u>	<u>884</u>

At the balance sheet date, the Trust was holding funds received in advance for teaching school grants of which the conditions have not yet been fulfilled and trip income for the following year.

18 FINANCIAL INSTRUMENTS

	2019	2018
	£000	£000
Carrying amount of financial assets		
Measured at amortised cost	469	460
Carrying amount of financial liabilities	<u>3,124</u>	<u>2,259</u>

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19 FUNDS

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	27	26,646	(26,883)	210	-
Start Up Grant	-	137	(137)	-	-
Pupil Premium	(1)	1,713	(1,713)	-	(1)
Other government grants	411	1,106	(1,106)	-	411
Pension reserve	(6,913)	-	(579)	(2,972)	(10,464)
	<u>(6,478)</u>	<u>29,602</u>	<u>(30,417)</u>	<u>(2,762)</u>	<u>(10,055)</u>
Restricted fixed asset funds					
Transfer on conversion	60,049	-	(2,799)	-	57,250
DfE/EFA capital grants	1,863	1,359	(182)	-	3,040
Capital expenditure from GAG	904	-	-	236	1,140
Donations	35	-	-	-	35
	<u>62,851</u>	<u>1,359</u>	<u>(2,981)</u>	<u>236</u>	<u>61,465</u>
Total restricted funds	<u>56,373</u>	<u>30,961</u>	<u>(33,398)</u>	<u>(2,526)</u>	<u>51,410</u>
Total unrestricted funds	<u>3,562</u>	<u>1,651</u>	<u>(1,143)</u>	<u>(446)</u>	<u>3,624</u>
Total funds	<u>59,935</u>	<u>32,612</u>	<u>(34,541)</u>	<u>(2,972)</u>	<u>55,034</u>

Analysis of movement in funds – previous year

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	185	23,973	(23,968)	(163)	27
Start up grant	242	703	(945)	-	-
Pupil Premium	(1)	1,484	(1,484)	-	(1)
Other government grants	403	765	(757)	-	411
Pension reserve	(4,831)	(2,425)	(562)	905	(6,913)
	<u>(4,003)</u>	<u>24,500</u>	<u>(27,716)</u>	<u>742</u>	<u>(6,478)</u>
Restricted fixed asset funds					
Transfer on conversion	17,503	44,794	(2,248)	-	60,049
DfE/Group capital grants	783	1,079	-	-	1,863
Capital expenditure from GAG	894	-	(153)	163	904
Capital donations	35	-	-	-	35
	<u>19,215</u>	<u>45,873</u>	<u>(2,401)</u>	<u>163</u>	<u>62,851</u>
Total restricted funds	<u>15,212</u>	<u>70,373</u>	<u>(30,117)</u>	<u>905</u>	<u>56,373</u>
Total unrestricted funds	<u>2,913</u>	<u>1,610</u>	<u>(961)</u>	<u>-</u>	<u>3,562</u>
Total funds	<u>18,125</u>	<u>71,983</u>	<u>(31,078)</u>	<u>905</u>	<u>59,935</u>

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19 FUNDS (continued)

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

General Annual Grant must be used for the normal running costs of the Academy and the intention is to utilise remaining GAG for planned capital projects.

Restricted fixed asset funds represent the valuation of all Trust schools (excluding The Academy at Shotton Hall as PFI school) land and buildings as at the transfer date less accumulated depreciation. During the year GAG fund transfers of £236k were made matching against capital expenditure incurred for improvements to premises and IT infrastructure.

Analysis of academies by fund balance

Fund Balance as at 31 August 2019 were allocated as follows:

	2019	2018
	£'000	£'000
The Academy at Shotton Hall	2,036	2,030
Teaching school	130	104
Shotton Hall SCITT	61	24
	<u>2,227</u>	<u>2,158</u>
Browney Primary Academy	16	16
Teesdale Academy	91	330
Easington Academy	698	745
Sacriston Academy	96	112
Diamond Hall Junior Academy	210	179
Ashington Academy	792	377
Bedlington Academy	(145)	68
North East Learning Trust (central services)	48	11
Total before fixed assets and pension reserve	<u>4,033</u>	<u>3,997</u>
Restricted fixed asset fund	61,465	62,851
Pension reserve	<u>(10,464)</u>	<u>(6,913)</u>
Total	<u>55,034</u>	<u>59,935</u>

NORTH EAST LEARNING TRUST
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19 FUNDS (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs excluding depreciation	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
The Academy at Shotton Hall	4,695	528	451	1982	7,656	7,446
Brownley Primary Academy	383	66	49	131	629	521
Shotton Hall SCITT	-	287	12	437	736	690
Teaching School	10	167	5	51	233	224
Teesdale Academy	2,078	421	207	482	3,188	3,113
Easington Academy	2,858	761	287	599	4,505	4,641
Sacriston Academy	686	190	33	246	1,155	1,175
Diamond Hall Junior Academy	997	221	79	292	1,589	1,387
Ashington Academy	3,510	714	273	780	5,277	5,210
Bedlington Academy	2,830	482	177	734	4,223	1,713
NELT (Central Services)	590	1,162	18	599	2,369	2,557
The Trust	18,637	4,999	1,591	6,334	31,560	28,677

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted General Fund	Restricted Fixed Asset Fund	Total 2019
	£'000	£'000	£'000	£'000
Tangible fixed assets			61,437	61,437
Intangible fixed assets			28	28
Current assets	3,624	4,369		7,993
Current liabilities		(3,960)		(3,960)
Pension liability		(10,464)		(10,464)
Total net assets	3,624	(10,055)	61,465	55,034

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20 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

Analysis of movement in funds – previous year

	Unrestricted Funds	Restricted General Fund	Restricted Fixed Asset Fund	Total 2019
	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	61,785	61,785
Intangible fixed assets	-	-	31	31
Current assets	3,562	3,619	1,035	8,216
Current liabilities	-	(3,184)	-	(3,184)
Pension liability	-	(6,913)	-	(6,913)
Total net assets	3,624	(6,478)	62,851	59,935

21 CAPITAL COMMITMENTS

	2019 £'000	2018 £'000
Contracted for but not provided for in the financial statements	-	911

22 FINANCIAL COMMITMENTS

At 31 August the Academy Trust had annual financial commitments as follows:

	2019 £'000	2018 £'000	2019 £'000	2018 £'000
	Other	Other	Land & building	Land & building
Expiring within one year	92	92	448	464
Expiring within two and five years inclusive	369	369	1,799	1,755
Expiring in over five years	1,661	1,753	6,447	6,913
	2,122	2,214	8,694	9,132

One contract expires in 2036 and the other 2041.

The above is in relation to maintenance agreements (at Bedlington) and capital contributions in respect of the Shotton Hall property.

23 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members.

**NORTH EAST LEARNING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24 RELATED PARTY TRANSACTIONS

During the year the Trust entered into transactions with Apollo Schools Trust. All transactions involving this organisation are conducted in accordance with the requirements of the AFH, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Apollo Schools Trust – a company in which North East Learning Trust is a sponsor and share a common Chair:

Income related party transactions

During the year the Trust provided finance support to Apollo Schools Trust. The value of the transaction was £11k (2018: £13k).

Included within other creditors is an amount of £23k owed to Apollo Schools Trust

Expenditure related party transactions

Apollo Schools Trust have provided much needed alternative education for a number of deprived students and provided special educational needs specifically tailored for the student's wellbeing and outcomes. The total value of the transactions were £110k (2018: £67k). All charges were at cost charged under a service level agreement.

In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.

25 MEMBERS LIABILITY

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

26 a RECONCILIATION OF NET INCOME TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2019 £000	2018 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,929)	40,904
Adjusted for:		
Depreciation [note 13 and 14]	2,981	2,401
Capital grants from DfE and other capital income	(1,359)	(1,079)
Interest receivable [note 6]	(4)	(3)
Amounts inherited on conversion	-	(43,059)
Defined benefit pension scheme cost less contributions payable [note 27]	397	401
Defined benefit pension scheme finance cost [note 27]	182	161
(Increase)/decrease in stocks	-	(11)
(Increase)/decrease in debtors	(305)	(1,154)
Increase/(decrease) in creditors	776	1,119
Net cash provided by / (used in) Operating Activities	739	(319)

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b Cash flows from investing activities

	2019	2018
	£000	£000
Interest	4	3
Purchase of tangible fixed assets	(2,624)	(250)
Purchase of intangible fixed assets	(5)	(36)
Capital grants from DfE/ESFA	1,358	1,079
Cash inherited on conversion	-	723
Net cash provided by / (used in) investing activities	(1,267)	1,520

c Analysis of cash and cash equivalents

	At	At
	31 August	31 August
	2019	2018
	£000	£000
Cash in hand and at bank	5,385	5,913

**NORTH EAST LEARNING TRUST
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27 PENSIONS AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham County Pension Fund (on behalf of the following Trust Academies Browney, Easington, Sacriston, Shotton Hall and Teesdale), Northumberland County Council Pension Fund (on behalf of the following Trust Academies Ashington and Bedlington), Tyne & Wear Pension Fund (on behalf of Diamond Hall Academy). Both principal pension schemes are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at the end of the financial period.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. 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.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £2,094k (2018: £1,834k).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The 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 2019 was £940k of which employer's contributions totalled £698k and employee's contributions totalled £242k. The agreed contribution rates for future years vary between Pension fund from 15.8% to 25.2% for employers with annual additional contributions of £94k to fund the scheme deficit.

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

**NORTH EAST LEARNING TRUST
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Principal actuarial assumptions

Pension Fund	Durham		Northumberland		Tyne & Wear	
	2019	2018	2019	2018	2019	2018
Rate of increase in salaries	3.5%	3.5%	3.6%	3.5%	3.6%	3.6%
Pension increases	2.0%	2.0%	2.1%	2.0%	2.1%	2.1%
Discount rate	1.9%	2.8%	1.9%	2.8%	1.8%	2.8%
Inflation (CPI)	2.0%	2.0%	2.1%	2.0%	2.1%	2.1%
Inflation (RPI)	3.0%	3.1%	3.1%	3.1%	3.1%	3.2%

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

Pension Fund	Durham		Northumberland		Tyne & Wear	
	2019	2018	2019	2018	2019	2018
Retiring today:						
Males	22.3	23.3	21.9	22.9	21.9	22.9
Females	23.8	25.0	23.8	25.0	25.1	26.4
Retiring in 20 years:						
Males	24.0	25.5	23.6	25.1	23.6	25.1
Females	25.7	27.3	25.7	27.3	26.9	28.7

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

	Fair value at 31 August 2019 £'000	Fair Value at 31 August 2018 £'000
Equities	6,634	5,520
Property	739	607
Government bonds	2,631	2,165
Corporate bonds	1,228	1,128
Cash	403	434
Other	239	160
TOTAL MARKET VALUE OF ASSETS	11,874	10,013
 Present value of scheme liabilities	 (22,338)	 (16,926)

The actual return on scheme assets was £981k 2018: (£436k)

	2019 £000	2018 £000
Current service cost	(1,153)	(1,066)
Past service cost	(8)	(49)
Net interest cost	(182)	(161)
Total operating charge	(1,343)	(1,276)

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

	2019 £000	2018 £000
At 1 September	16,926	10,311
Transfers	-	5,729
Current service cost	1,153	1,066
Past service cost	8	49
Interest cost	476	374
Employee contributions	238	216
Actuarial (gain)/loss	3,659	(682)
Benefits paid	(122)	(137)
	<u>22,338</u>	<u>16,926</u>

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

	2019 £000	2018 £000
At 1 September	10,013	5,480
Transfers	-	3,304
Interest income	294	213
Return on plan assets (excluding net interest on the net defined pension liability)	-	-
Actuarial gain/(loss)	687	223
Employer contributions	764	714
Employee contributions	238	216
Benefits paid	(122)	(137)
At 31 August	<u>11,874</u>	<u>10,013</u>

28 POST BALANCE SHEET EVENTS

Since the year ended, the following schools have joined the Trust, transferring their assets and liabilities.

- The Hermitage Academy on 1 September 2019

**NORTH EAST LEARNING TRUST
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29 TEACHING SCHOOL TRADING ACCOUNT

	2019 £000	2019 £000	2018 £000	2018 £000
Income				
Direct income		1,060		998
Other income				-
Other income				
Fundraising and other trading activities		26		6
Total income		1,086		1,004
Expenditure				
Direct costs				
Direct staff costs	423		426	
Staff development			-	
Other direct costs			-	
Total direct costs	423		426	
Other costs				
Support staff costs	41		39	
Trainee support costs	483		406	
Other support costs	76		105	
Share of governance costs			-	
Total other costs	600		550	
Total expenditure		1,023		976
Transfers between funds excluding depreciation				
Surplus/(Deficit) from all sources		63		28
Teaching school balances at 1 September 2018		128		100
Teaching school balances at 31 August 2019		191		128