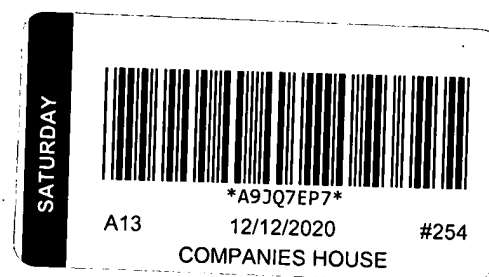


Company Registration No. 10257723 (England and Wales)

SMART MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



SMART MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Chair

C Foster
K Hofbeck
C A Christie
M Thomas

Trustees

C A Christie (Chair)
D Piggett
E Morrison (Resigned 11 November 2019)
J Quinn (Chair of Finance and Audit)
S A Bewick
A Keenleyside (Vice Chair)
M Anderson
J Lawson (Appointed 31 October 2019)
M D E Stephenson (Appointed 11 March 2020)
K Stevens (nee Caswell) (Appointed 15 February 2020)

Senior management team

- CEO
- Director of Business & Finance
- Headteacher
- Headteacher
- Executive Headteacher
- Headteacher
- Headteacher
- Headteacher
- Headteacher
- Headteacher

C Lofthouse (Accounting Officer)
A Robinson (Appointed 3 September 2019)
R Cleary
S Hayes
L Gallon
C Shield
E Elliot
J Evans
E Pattison
S Lonsdale

Company secretary

A Robinson

Company registration number

10257723 (England and Wales)

Registered office

Wyndham Primary School
Montagu Avenue
Newcastle upon Tyne
NE3 4SB

Academies operated

Wyndham Primary School
Stocksfield Avenue Primary School
Farne Primary School
Cheviot Primary School
Mountfield Primary School
Kenton Bar Primary School
Kingston Park Primary School
North Fawdon Primary School

Location

Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne

Headteacher

R Cleary
S Hayes
L Gallon (Executive)
L Gallon (Executive)
C Shield
E Pattison
J Evans
E Elliot

SMART MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

RSM UK Audit LLP
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates 8 primary academies in Newcastle upon Tyne. Its academies have a combined pupil capacity of 2,510 and had a roll of 2,301 in the school census in May 2020, showing little variance from this time last year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was formed on 29 June 2016 and is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association dated 29 June 2016 are the primary governing documents of the Academy Trust.

The charitable company is known as SMART Multi Academy Trust. The eight schools that form the Academy Trust are known as Wyndham Primary School, Stocksfield Avenue Primary School, Farne Primary School, Cheviot Primary School, Mountfield Primary School, Kenton Bar Primary School, Kingston Park Primary School and North Fawdon Primary School. The schools converted to academy status on 1 November 2016.

The Trustees of SMART Multi Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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 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 Academy 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 Trustees in their capacity as Trustees.

Method of recruitment and appointment or election of Trustees

Trustees are recruited on the basis of the specific skills which they can bring to the Board of Trustees. This initial assessment is undertaken in consultation between the Members, the Chair and the Vice Chair of the Board. The Chair and Vice Chair arrange the interview of suitable individuals, and all appointments are reviewed and ratified by the Members before being formally confirmed.

It is possible for the Trustees to co-opt a limited number of Trustees, in particular if the number of Trustees will exceed eight on the appointment of the new Trustee. In the one case where this was done this year the appointment was nonetheless ratified with the Members.

Most Trustees have been recruited using the Academy Ambassadors programme and all those recruited this year have been identified in this way. The programme has proved effective in identifying candidates responding to the characteristics the Trust has identified as desirable. This, however, is not the only way in which candidates may be identified and other routes of recommendation have been used in the past and may be again. The strong review process with Trustees and Members is the fixed component of the Trust's approach.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of Trustees

Three Trustees were appointed in the course of the year. In each case induction was undertaken in a face to face session with the CEO to appraise them of the role of Trustee and familiarise them with the Scheme of Delegation, policies, procedures and the Trust's current position. With the support of an experienced Clerk to the Board, the new Trustees have been supported in their first period in office. The Clerk has helped to ensure understanding of the requirements of the Charities Commission and the specific requirements of the Academies Financial Handbook, as it relates to the role of Trustee. Trustees are provided with periodic updates on key issues identified by the Charities Commission and the ESFA; and updates in relation to the Academies Financial Handbook and Accounting Officer updates are reported to and discussed at the Board of Trustees' meetings and appropriate sub-committees. Since the Clerk is now a Trust employee this role will ensure stronger support both for the existing board and the induction of any future Trustees.

Organisational structure

The company is set up as a Multi Academy Trust model and the Board of Trustees meet at least 6 times per annum to discuss the strategic objectives with the Chief Executive Officer, who is the Accounting Officer and with the Director of Business & Finance in attendance.

The Board of Trustees are supported by two committees; the Performance and Curriculum Committee and the Finance and Audit Committee.

The scheme of delegation for the Academy Trust defines the relationship between the Board of Trustees and individual Local Governing Boards and clarifies the responsibilities of the Local Governing Boards.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set in line with the Academy Trust pay policy and reflects the national pay and conditions guidance for teaching staff and leaders and the local authority guidance for other staff. Benchmarks such as the size of school and the complexity of the role are built into the processes detailed in the pay policy.

Performance Management is used to determine pay progression for all posts across the Academy Trust. The Chief Executive Officer advises the Board of Trustees in respect of headteacher posts. Local Governing Boards also receive recommendations from the headteacher/executive headteacher for all senior staff and teachers across the schools of the Academy Trust. The pay policy is reviewed annually by the Board of Trustees.

Trade union facility time

The Academy Trust has no employees who have spent time working on trade union facility time to include within the financial statements.

Related parties and co-operation with other organisations

The Academy Trust has a policy in place for staff and directors to disclose and handle related party transactions in line with company and charity law and ESFA guidance (particularly in relation to the Academies Financial Handbook). There are no related party transactions to report.

Engagement with employees

The Academy Trust places great emphasis on its values system and principles by which it works. Through consultation and discussion with its leaders and staff at all levels a new vision and values statement has been placed at the heart of what the Trust stands for, placing the interests of key stakeholders (staff, pupils, parents, carers and partner organisations) at the centre of policy design and decision making.

Regular meetings with staff, education and union leaders ensure the Trust's equality and diversity principles are understood by all. Of particular note have been the efforts the Trust has gone to in order to mitigate the negative impacts of Covid-19 on the wellbeing of the workforce. This has involved detailed risk assessment training and pro-active decision making to ensure all staff felt safe, supported and included in decision making. As a result employees report that they have felt well supported by the Trust enabling the smooth wider opening of our schools.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

The Academy Trust encourages the involvement of its employees in its management through the regular meetings and for receiving their views on important matters of policy.

The Academy Trust's recruitment policy is clear that it will employ persons with disabilities when they are suitable for a particular vacancy and every effort is made to ensure that full and fair consideration is given when such vacancies arise.

Engagement with suppliers, customers and others in a business relationship with the Academy Trust

It is important to the Academy Trust that we maintain good working relationships with all suppliers to the Trust, especially those in the provision of key services and or advisory support. The Trust also strives to establish and maintain an equally strong working relationship with our customers.

The Trust seeks to operate on a formal contract basis to ensure complete transparency for all parties around expectations, responsibilities and obligations from our suppliers and to our customers at all times. This enables the delivery of consistently good service together with the timely and amicable resolution of any issues arising. The Trust seeks to ensure that achievement of value for money is also aligned closely to the values by which the Trust operates.

During the year the Trust has established some longer term supplier contractual relationships and will seek to further develop this once Covid-19 related restrictions are removed.

The Trust actively engages with other key professional networks/organisations that are able to provide, often mutually beneficial, advice, support and solutions. These relationships also offer good staff development opportunities that in turn further enhance our educational offering.

Our schools take great pride in positive engagement with the wider communities of which they are a key part. The schools provide support wherever possible to their communities in many forms, for example the provision of Breakfast clubs, family support and other initiatives.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Objectives of the Academy Trust are set out in the Articles of Association.

Smart Multi-Academy Trust – Vision & Values

Our values are the principles to which we work and are central to all that we do as a Trust and in the life of our schools.

It is important that each of our schools retain their own unique character reflective of their community, however all of us share our vision and values.

We are committed to following an ethical approach based on trust, empathy and respect in which everyone is included and supported to be the best they can be.

At Smart we provide a high quality, bespoke education full of the best opportunities and experiences to help every child learn, be happy and ultimately successful in life.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Objectives, strategies and activities

A new business plan 2020-23 sets out the Trust's priorities and future direction.

Strategic aims

- Ensure governance is highly effective and fit for purpose
- Deliver robust financial management, which informs the strategic development of the Trust
- Ensure the Trust builds reputation and influence (local, regional, national) to maximise benefit to our pupils
- Ensure a curriculum of excellence in both design and delivery that underpins the values and ethos of the Trust
- To ensure the highest standards of safeguarding, health and safety and planning for risk
- Develop a highly-skilled workforce who provide a quality education to pupils.

The above priorities link strongly to the SMART Trust's vision and values statement. With these strategic aims guiding the work of the Trust for the next three years we will ensure we build on and crucially maintain the already high standards and effectiveness.

Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Academy 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.

STRATEGIC REPORT

Achievements and performance

School improvement

The success of the Trust's support for school improvement came to fruition in the reporting year as all Smart schools were inspected and found to be at least 'good'. Of particular note was Kenton Bar Primary, which moved out of the 'requires improvement' grade to 'good' and Cheviot Primary, which was found to be good and improving, which will trigger a full inspection to see if it is a grade 1 outstanding school.

Response to Covid-19 Pandemic

The Trust has managed the unprecedented situation that has developed as a result of Covid-19 with proactivity which has supported our schools to maintain their core purpose throughout lockdown (for keyworkers) until wider re-opening. The Trust is well placed with a network of partnerships enabling expert advice to be rapidly sought leading to high quality risk assessments and Covid security measures being put into place. The adverse impact of Covid-19 continues to be managed as the pandemic develops and its impact on staff and pupils mental health, wellbeing and the education of pupils is being mitigated as well as possible. The Trust's proactivity has been recognised by the wider educational establishment and, through sharing of resources and advice, has become increasingly well regarded which is positive for the Trust's influence and profile. In addition the pandemic response has brought the workforce, governance and partnerships closer together, which will have a long-term beneficial impact on the organisation.

Trust estate improvements

Significant investment in the school buildings has taken place this year, resulting in better quality learning and working environments for all. The Trust benefitted from winning nine CIF (Condition Improvement Fund) bids totalling £2.5m of investment during the year, representing a large part of the Academy CIF awards in the Newcastle City Council area. Significant impact has been seen in safeguarding with perimeter fencing and CCTV and removal of significant liabilities of concern.

In August the Trust took possession of the DfE funded rebuild at Kenton Bar Primary School (as disclosed within note 14). This state of the art new building will benefit learners and staff immediately and together with the removal of the old building makes the school highly attractive to prospective parents and carers; hopefully leading to a rise in numbers.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

School performance

In 2020 formal assessment was suspended due to the impact of Covid-19 pandemic. As a result no SATs or phonic tests were completed. Teacher assessment only was recorded locally, no national benchmarks are available and no results will be used for accountability measures for 2020. That being said the Trust ensured teacher assessment was moderated to ensure the results were as accurate as possible and not subject to grade inflation. Internal data shows a positive picture of attainment and progress across the Trust. Early Years Foundation Stage Profile for the proportion of pupils reaching a good level of development showing an underlying increase of 0.6% on the previous year across the Trust to 67.4%. This however is reflective of the low starting points that are typical of the vast majority of children who enter Nursery or Reception in our schools. Pupils progress well through KS1 so that by the time they reach the end of KS2 their attainment is at least as good as all schools nationally and their progress, given their starting point, exceeds pupils nationally. All progress measures were increased on 2019 and are over previous national rates. This shows that the added value for pupils attending Smart schools and benefitting from consistently high quality teaching over time is strong and improving.

Writing emerges as the clear area requiring further development across the Trust and the new Trust Primary Writing Project is currently making good and positive progress.

Promoting the success of the charitable company

Under section 172(1)(a) to (f) of the Companies Act 2006, directors of a company must act in a way most likely to promote the success of the company, and in doing so must have regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company

These requirements are strongly aligned with the ethos and vision of the SMART Multi Academy Trust. Although we do not really have customers as such, the educational success of our pupils, in a fair environment in which nobody is left behind, is the overarching focus of our endeavours.

With regards to the other points listed, a number are addressed in other paragraphs of this report. In summary they can be considered as follows:

- Long term consequences: Prudent management of any enterprise requires addressing both short and long term needs. The Trust routinely addresses long term considerations regarding, inter alia, its educational operations, infrastructure provisions, staff retention and recruiting and financial matters taking account of foreseeable risks. Recent discussions with the Local Authority regarding the viability of some aspects of special needs provision are an example of this kind of activity.
- Employees: The Trust's employees are fundamental to our success. Due care of their welfare, motivation and development is key to our future. The need for care is particularly acute in this period of the Covid 19 pandemic
- Business relationships: A proper business-like relationship with suppliers is in the Trust's interests as a going concern. In the past year we have been positively improving our purchasing and contracting arrangements and intend to continue to do so
- Community and environment: The schools' roles within their communities are a fundamental part of the success of their function. All our school leaders are very conscious of this role and both the Trust management and the Trustees encourage this emphasis. Again, the Covid 19 question has increased the acuteness of this continuing need.
- The schools, as such, have a relatively limited environmental impact. However the teaching in the schools encourages environmental awareness and the schools in their normal activities, encouraged by the children, actively seek to operate in an environmentally conscious way
- Act fairly: The Trust believes fair behaviour is part of our basic values and in our long term interest.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

The majority of the Multi-Academy Trust's income is received from the Department of Education (DfE), via the Education and Skills Funding Agency (ESFA), in the form of recurrent grants, the use of which is restricted to particular specified purposes. The grants received from the DfE/ESFA during the year to 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2020 total income, excluding Restricted Fixed Asset Grant funding, was £12,861k (2019: £12,303k), from which the Trust has generated an operating surplus of £383k (2019: £110k deficit), of which circa £180k is driven by the deferral of some costs into the new financial year due to partial school closures during the summer term due to Covid -19. All of our Trust schools remained open to key worker and vulnerable children throughout the summer term. The deferral of costs places our Trust under increased spending pressure in 2021.

The underlying trend of operational financial performance continues to strengthen year on year, benefiting from improvements in procurement and financial control/visibility. During 2020 no restructuring costs were incurred (2019: £101k).

The operating surplus before depreciation, capital additions and pension fund includes an unrestricted surplus of £35k (2019: £28k).

Total income for the year was £17,935k (2019: £13,754k), an increase of £4,181k, of which £3,623k arises within Restricted Fixed Assets. The Trust was delighted to take ownership from the DfE of a new school building at Kenton Bar Primary in August 2020, adding £3.45m* of donated fixed assets to our balance sheet. The Trust also continues to benefit from successful Condition Improvement Fund (CIF) applications, receiving £1,624k in the year ended 31 August 2020 (2019: £1,451k) in CIF and Devolved Capital (DFC) allocations. To date the Trust has secured £4.5m of capital investment through CIF grant awards funding further improvements in our infrastructure, including safeguarding and refurbishment. The Trust has committed to contribute £770k of Trust reserves to this investment, recognising the value added to our educational settings.

Cash balances remain strong for the Trust £2,697k (2019: £1,354k) and during the year we have placed £500k on medium term deposit to enable us to earn a better rate of interest income. We continue to make improvements in our financial processes and procurement/contractual decisions, leading to better use of cash balances.

The Academy Trust closely tracks the level of Reserves across the individual academies within our Trust. The closing year end position, as at 31 August 2020, was that the level of Reserves not tied up in fixed assets and excluding Defined Benefit Pension balances are £1,289k (2019: £945k). This is, overall, better than expectation based upon Budget provisions at the outset of the year. This improvement does, however, include the temporary benefit of the deferral of £180k of costs into the new financial year as well as the benefits of improved governance. The Trustees have reviewed the Reserves Policy and are confident that there is sufficient level of reserves to meet current operating needs.

*During the year ending 31 August 2020 the Trust also incurred an impairment charge of £779k to write-off an existing Kenton Bar Primary building no longer in use after the addition of the new building. This building has been disposed of within the accounts as shown within note 14.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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.

The Trust has generated a strong operating surplus for the financial year of £383k, continuing the underlying improving trend in operating surplus over recent years. Each year the Trust prepares a three year Business Plan that includes key risks and opportunities and measures the impact of changes in key drivers of income and cost, including sensitivities therein. The plan is closely aligned to the Strategy and Vision and Values of the Trust, giving due consideration to changes in staffing cost, IT and premises infrastructure investment required as well as those opportunities the Trust wishes to maximise upon.

The Trust receives the majority of its funding from the DfE, largely driven by pupil numbers within our schools. We expect pupil numbers to remain relatively constant in future years, after taking consideration of the historical fall in birth rates that will impact school age children over the next few years. Achievement of our Business Plan is sensitive to changes in DfE funding for education, which has historically kept pace with the national increases in our largest operating cost of staffing. Whilst the impact of Covid-19 has not been material in this financial year, from the start of the new academic year in September 2020 we are now starting to see incremental Covid-19 related costs being incurred around both staffing and cleaning, together with compression of self-generated income opportunities from trips, lettings and extended school clubs. We are also observing steady and continued increasing eligibility for Free School Meals, income for which will not be received in year.

The Trust holds a strong balance sheet, with net assets of £6,017k, on which our most valuable assets are our land and buildings, to which there has been significant and continued capital investment in our infrastructure to ensure those buildings are maintained in good condition, reducing the exposure to unexpected large repair/renewal costs that would adversely impact our Reserves position. The Trust will continue to invest where appropriate and all investment decisions take due consideration of the medium/longer term affordability of capital contributions being made. The balance sheet is notably impacted by the Defined Pension Scheme Liability which has worsened for two consecutive years, driven by future liabilities and actuarial losses. The overall balance sheet has importantly, however, improved substantially in the current financial year.

The Trust also maintains a healthy cash balance (of £2,697k) alongside a sizeable Unrestricted Reserves balance (of £756k), collectively ensuring that liabilities can be met as they fall due. The Trustees have given due consideration to the Balance Sheet position, the strength of financial controls, future financial forecasting together with a viable Strategy delivered by the Business Plan. Based on this consideration the Trustees are in full agreement that there are no material uncertainties in respect of the Trust's ability to continue as a going concern.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Financial and Risk Management objectives and policies

The Academy Trust has an approved Risk Management strategy. This strategy measures risk against the Trust Risk Appetite which forms part of the Strategy and Business Plan.

The Risk Management strategy achieves the following:

- Defines those risks that we are concerned about and, critically, also defines what specific impact this could have upon the operation of the Academy Trust; and
- Assesses that impact on the Academy Trust if that risk were to materialise to any extent. That impact may be evident within reputation; financial and/or service/outcome; and
- Assesses the probability of that risk materialising and the extent to which it may materialise; and
- Assesses the extent to which the risk, or the impact thereof, can be mitigated through actions which the Academy Trust can effect and reassesses the impact upon the Academy Trust if these steps are effectively implemented; and
- The individual risks within the Risk Management Strategy and their associated management action plans are being reviewed by either the Performance and Curriculum Committee or the Finance, Risk and Audit Committee dependent upon the nature of the risk.

The Risk Registers are reviewed regularly by the Trust Senior Leadership Team and Board of Trustees, including a review of the effectiveness of mitigations in practice.

Reserves policy

As part of the overall Governance of the Trust, there exists transparency across the Trust in relation to the level of reserves that exist, how they are to be maintained and clear understanding around the capacity in which these reserves may be utilised.

The Trust can undertake a review of the continued pertinence of the judgement around the appropriate level of reserves to hold, should environmental circumstances necessitate this. The Trust is also able to evidence how it maintains viability as a going concern and identifies those triggers that would prompt a significant review of reserves policy and/or requirement for intervention by the Board of Trustees. See further consideration regarding going concern in the accounting policy on page 26.

The Trust can evidence, how as a charitable organisation, it takes responsibility for ensuring it can respond adequately to the risks identified within its Risk Strategy/Risk Management processes.

The Reserves Policy specifically details the parameters for the expected level of reserves for each school at the end of the financial year in question. The policy has been reviewed and simplified during the year ended 31 August 2020 and now sets a fixed minimum amount, currently £20k, each school must add to its individual reserves balance each year in addition to the amount required to meet CIF/Salix capital investment contributions. Whilst a relatively modest amount, it enables the school to meet ongoing maintenance requirements and improve the education offering within the operating budgets available, whilst also allows a steady increase in available reserves to meet most larger future items of expenditure from Reserves balances. Closing Reserves at 31 August 2020 are £1,289k (2019: £994k), higher than expected due largely to deferral of spend into 2021 due to Covid-19 related restrictions.

Regular financial monitoring reviews and robust forecasting closely track progress towards the full year Budget position and is able to identify concerns at an early stage, enabling initiatives or corrective action to be taken where necessary. The Trust works collaboratively with each school to support good decision making and budget management across the Trust.

The Trust currently holds Free Reserves (Total funds less amounts held in fixed assets and restricted funds) of £756k (2019: £721k) and has budgets in place to add to Reserves. Restrictions as a result of Covid-19 have severely constrained the ability of the Trust to generate income through other trading activities. However, as the largest component of the Trust's operating expenses are incurred in the provision of educational services, funded directly by the DfE, the Trustees are confident that the current level of Free Reserves is adequate to cover general operating expenses for a considerable period of time, most certainly currently in excess of nine months.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Investment policy

The Academy Trust has approved an Investment Policy that defines the risk tolerance of the Board of Trustees, emphasising that the Trustees place a high priority on the security of any investments which will override any other priorities. This is reflected in the Trust Risk Appetite against which key decisions are measured.

Any investment must permit the effective management of cash flow to service the Academy Trust outgoings, including ongoing and historical capital investment.

The Investment Policy also stipulates that all investment income generated will be reinvested back into the Academy Trust

Key performance indicators

In terms of key performance indicators, the level of staff costs as a % of total expenditure remains an important benchmark – and for the year ended 31 August 2020, staff costs amounted to 73.8% (2019: 77.7%) of the total cost of the Academy Trust Operation. These figures include both supply cost and staff restructure costs and the costs of the central team. No staff restructure costs were incurred in 2020.

The other key financial indicator is the number of individual academies who have met the requirements of the Board of Trustees in terms of expected levels of reserves / balances at the end of the financial year, and this applied in the case of five of our eight Academies. For those schools which have generated lower than expected levels of reserves, additional support costs for ARP/SEN provision continues to generate some in year budgetary pressure. We are now fully engaged with the Local Authority ARP Review process.

As well as tracking performance outcomes for all year groups and groups of particular disadvantaged or vulnerable learners, a key success measure is the Ofsted judgements across our eight schools – all recently judged as Good by Ofsted. This is important for the Trust as it now means that all the children our Trust serves are getting a good education, which is significant given that a majority of our pupils come from disadvantaged backgrounds and deserve the best start in life possible through their education.

Plans for future periods

The business plan looks forward to the further development of the Trust and the potential and opportunities that may come with growth. However maintaining and embedding the steps already taken to create the excellence within the SMART Multi Academy Trust schools remains of paramount importance.

The following actions are current work streams which require continued focus and resource in the short term to lay the foundations for future development and growth.

- Ensure the range of policy at Trust and school level is high quality, fit for purpose consistent with our ethos and principles and has a robust review and evaluation cycle in place.
- Develop and embed financial procedures and practice and improve the financial knowledge of key personnel within the Trust to ensure pupils benefit from efficient and sustainable spending and the future financial health of the Trust is guaranteed.
- Develop a robust system of monitoring and evaluation of the quality of school performance and improvement so our schools are supported to continue to provide a high quality curriculum delivered by experts resulting in improved outcomes for all pupils.
- Develop the leadership potential within the Trust and harness the expertise already available to ensure high quality leadership is sustained whilst releasing additional capacity to grow and enhance the Trust's potential for influence and growth.
- Create and embed a Trust wide risk management strategy which supports the improvement process within the Trust and gives confidence to all stakeholders that the Trust is safe and secure for pupils and staff and more able to predict and cope with challenges in the future.
- Further improve our Human Resources offer for employees so that we work to and give consistent policy and advice which enables the Trust to expertly manage and develop its workforce.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Principal risks and uncertainties

The Trust is mindful that continuing good financial management and effective financial controls lead to the Academy Trust remaining in a positive financial position. As with all trusts, some higher risk areas require particularly close scrutiny so that a timely response can be made to ensure continued financial security. We indeed monitor financial outlook and risk, but these are not the only areas of attention.

Recent work to review and improve the Trust's risk management process will significantly improve the Trust's ability to identify and mitigate risk at all levels in the organisation.

The key risks facing the Trust are:

Pupil numbers – following a period where a bulge in population growth has benefited primary schools the current picture is for lower numbers coming into schools at Nursery and early years. Together with pressures coming from pupils leaving some trust schools situated close to areas where high quality secondary education requires parents to relocate their children into feeder primary schools, this is leading to additional pressure on numbers on roll in some schools. Monitoring of pupil numbers across the Trust is a key strategic risk in the Trust's Risk register. The Central Team is working with the Local Authority to gather intelligence on future numbers from birth rate information. There are a number of other factors which may mitigate and reverse the current trends. Building projects in the North West of the city project a need for additional places. Kingston Park Primary school is currently seeking planning consent for a new build to bring their PAN to 3 form entry. Kenton Bar school has spare capacity due to their new build. In addition improvements at the Kenton Academy may lead the school moving to 'good' at its next inspection which should affect parental choices for secondary destination for their children.

Covid-19 – the impact of the current pandemic continues to affect our schools. The associated risks are as follows: financial, Covid-security measures are costing the Trust money for additional resources, staffing and cleaning; Outcomes, school closures and isolation of bubbles is impacting on learners access to high quality education (despite the mitigation of remote learning and catch up premium); Employee and learner wellbeing and mental health – the impact of the extended Covid security measures, anxiety and risks from Covid will impact productivity (sickness absence), recruitment and retention of staff; Remote education – the need to facilitate pupil learning at home due to self-isolation will bring additional need for IT resources. Risk assessments covering the safeguarding, Health and Safety, plus operational arrangements of our schools are in place and detailed, following DfE guidance and have been/continue to be regularly updated.

Trust Estate – Despite significant capital investment in the buildings infrastructure there is a risk from historic underinvestment in the maintenance and upkeep of our school estate. Some schools require continued investment to enable them to provide a high quality and safe environment for pupils and staff.

Fundraising

The Academy Trust does not work with commercial participators or professional fundraisers and does not engage third parties to undertake fundraising activities on its behalf.

Should individuals wish to complain about any fundraising activities conducted by the Academy Trust, they should follow the complaints or whistleblowing policy as appropriate.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

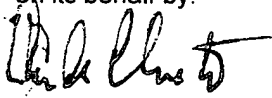
AUDITOR

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

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all 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 21/12/20 and signed on its behalf by:



C A Christie
Chair

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The Board of Trustees has formally met seven times during the year for full Board meetings. The two main sub-committees of Performance and Curriculum and Finance and Audit have also each met at least termly, moving to virtual meetings in line with DfE guidance.

Attendance during the year at meetings of the full Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
C A Christie (Chair)	7	7
D Piggett	6	7
E Morrison (Resigned 11 November 2019)	1	1
J Quinn (Chair of Finance and Audit)	6	7
S A Bewick	5	7
A Keenleyside (Vice Chair)	6	7
M Anderson	3	7
J Lawson (Appointed 31 October 2019)	4	6
M D E Stephenson (Appointed 11 March 2020)	4	4
K Stevens (nee Caswell) (Appointed 15 February 2020)	4	4

Governance reviews

In the year from 1 September 2019 the Trust has undergone considerable management change with a new CEO/Accounting Officer and a new DBF (Director of Business and Finance), both recruited in the previous year, but essentially taking up the reins this year. The Trust's continuing governance development has been a key priority throughout 2020. The Trust Board has seen the appointment of new Trustees with specialist knowledge and skill sets, which enhance the Trust's work and the ability of Trustees to provide support and challenge to the executive.

The work begun last year regarding strengthening governance throughout our structure has been continued.

Regular liaison between the executive and the schools' senior leadership teams has been enhanced. Particular attention has been paid to the management accounts and reporting process and to budget development with a significant improvement in the success with which different parts of the organisation are working together.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

To speed up further development the Trust has appointed a Governance Officer. This will, amongst other benefits, allow us to significantly enhance the way we work with the schools and the local committee structure. This will be a significant area of attention in the coming months and is likely to also involve some evolution in our scheme of delegation to ensure the local committees provide the most effective support and challenge at school level and support to the Trust and monitoring of its policies. A number of Governors from a diverse range of backgrounds have been appointed to the local committees, bringing new skills and perspective. In addition to access to online learning modules, a Governor development programme has been devised and will be rolled out to the initial cohort of Governors early in 2021. Statistical data gathering has continued to be well supported and continues to be good. The recent Covid related disruption has made progress measurement more difficult, but it continues to be an area of keen attention.

Finally, the Finance and Audit committee is changing to be the Finance, Audit and Risk committee. More detail on the Trust's risk management activity and plans is provided in the dedicated sections of the report.

Attendance at Finance, Risk & Audit committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
C A Christie (Chair)	4	4
D Piggett	2	4
E Morrison (Resigned 11 November 2019)	0	0
J Quinn (Chair of Finance and Audit)	4	4
S A Bewick	1	1
J Lawson (Appointed 31 October 2019)	1	1
M D E Stephenson (Appointed 11 March 2020)	2	2
K Stevens (nee Caswell) (Appointed 15 February 2020)	2	2

Review of value for money

As Accounting Officer, the Chief Executive Officer 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 again 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.

Within SMART Multi Academy Trust, we believe that effective delivery for money extends beyond specific procurement exercises, and we have endeavoured to deliver good value for money through:

- Reviewing that the level of our top-slice contribution is kept to the minimum necessary to deliver the essential central functions of a Multi Academy Trust, thus ensuring that the maximum resources are available to deliver high quality teaching and learning in our schools;
- Encouraging our schools to deploy benchmarking data to inform the spending decisions taken within the annual budget setting round;
- Supporting schools monthly monitoring and in the annual budget setting process to ensure that the resource setting aligns with the strategic objectives of the school and the Academy Trust; and
- Pursuing procurement exercises to secure better value for money – both in the central budget and taking advantage of our purchasing power across the Academy Trust.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

During the year ending 31 August 2020, we have:

- Operated with a top slice contribution of 5% meeting the first objective set out above; and
- Completed several smaller scale centralised procurement exercises, realising a notable amount of in year savings and cost avoidance across our schools; and
- Aligned a number of contracts to be coterminous and apply standard pricing across our schools, positioning ourselves to enter into new procurement exercises on a centralised basis; and
- Begun a large procurement/tender exercise on one of our largest areas of spend to ensure value for money is being achieved and deliver pricing transparency for a longer period of time. The project was expected to deliver benefit early in the new 2020/21 academic year. Disappointingly Covid-19 restrictions have forced the temporary suspension of this project and this remains suspended at the time of writing.

The Academy Trust recognises the importance of continually enhancing Value for Money and in 2020/21 we plan to embed further improved benchmarking processes and extend the range of contracts operated on an Academy Trust wide basis working collaboratively with our school leaders. We also intend to resume and conclude the currently suspended tender process.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 SMART Multi Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

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

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The Board of Trustees has considered the need for a specific internal audit function and decided not to appoint an internal auditor for the period 1 September 2019 to 31 August 2020. However, to ensure internal scrutiny took place to an adequate level, the Trustees appointed RSM Risk Assurance Services LLP, as a reviewer, to provide a programme of specific agreed procedures. Specific focus for the current period was on the Risk Management (RM) process, the results of which have provided validation of and additional structure to the ongoing strengthening of this process across the Trust.

On an annual basis, the reviewer reports to the Board of Trustees, through the Finance and Audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The schedule of work has been undertaken for the period and there are no significant or material control issues arising as a result of this review to report.

The following additional points are noteworthy:

- Revision of the FRC Ethical Standard for auditors, states that the same firm can no longer provide both external audit and internal audit services to the same client. RSM Risk Assurance LLP could not, therefore, provide a programme of supplementary procedures for 2020-21 forwards.
- The Board of Trustees has decided to buy-in an internal auditor service from Azets, to perform a programme of internal scrutiny in 2020-21. An internal scrutiny programme to complete a review of key risk focused areas, is to be formally agreed at the Board of Trustee meeting in December 2020.
- Following remedial actions highlighted in the Risk Management process review, a Risk Management Framework assessment has been performed, to ensure a robust and effective risk management system is in operation. An enhanced, strong and effective Risk Management Strategy is now in place, including adapted Risk Policy and adoption of a robust Risk portal to be embedded across the Trust enabling key risks to be strictly and effectively monitored, reviewed and managed continuously by the Trust.
- The Board of Trustees has reviewed and approved in principle the Trust's revised Risk Appetite, with final approval pending in the Finance, Audit & Risk Committee on 18 November 2020. The Risk Appetite provides a measure against which key Trust decisions can be assessed. The Risk Appetite broadly focusses upon four key areas:
 - i. Safeguarding and Health & Safety
 - ii. Finance
 - iii. Performance
 - iv. Reputation and recognition
- Revised Finance and Audit Committee Terms of Reference were approved by the Board of Trustees and it will become the Finance, Audit and Risk Committee in 2020-21, enhancing coverage of internal scrutiny management and the process for identifying, evaluating and managing the Academy Trust's significant risks.
- Governance Officer, a newly appointed internal position, is performing a review of the existing governance structure, to enhance transparency, and develop the capacity and capability of the governing bodies to perform effectively, to focus on the Trust's objectives and risks and make accountability real.

Review of effectiveness

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

- the checks performed by RSM Risk Assurance Services LLP;
- the work of the external auditor; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

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

Approved by order of the Board of Trustees on 09/12/20..... and signed on its behalf by:



C A Christie
Chair



C Lofthouse
Accounting Officer


SMART MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of SMART Multi Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust's 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 2019.

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.



C Lofthouse
Accounting Officer

09/12/20...

SMART MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of SMART Multi Academy Trust for the purposes of company law) are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 06/12/20..... and signed on its behalf by:



C A Christie
Chair



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMART MULTI ACADEMY TRUST

Opinion

We have audited the financial statements of SMART Multi Academy Trust (the "charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 2019 to 2020 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 2020 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 2019 to 2020 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 matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Directors' Report and the Strategic Report prepared 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 AUDITOR'S REPORT TO THE MEMBERS OF SMART MULTI ACADEMY TRUST (CONTINUED)

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' Report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the Trustees (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 Trustees 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.

RSM UK Audit LLP

LUCKY ROBSON
(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

..11/12/20.....

SMART MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	3	1,069	1,911	5,073,692	5,076,672	1,477,278
Charitable activities:						
- Funding for educational operations	4	140,484	12,591,292	-	12,731,776	12,105,313
Other trading activities	5	125,145	-	-	125,145	170,318
Investments	6	1,254	-	-	1,254	948
Total		267,952	12,593,203	5,073,692	17,934,847	13,753,857
Expenditure on:						
Raising funds	7	125,145	-	-	125,145	170,318
Charitable activities:						
- Educational operations	8	108,053	12,842,269	1,091,229	14,041,551	13,187,999
Total	7	233,198	12,842,269	1,091,229	14,166,696	13,358,317
Net income/(expenditure)		34,754	(249,066)	3,982,463	3,768,151	395,540
Transfers between funds	19	-	(38,079)	38,079	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	26	-	(2,540,000)	-	(2,540,000)	(1,877,000)
Net movement in funds		34,754	(2,827,145)	4,020,542	1,228,151	(1,481,460)
Reconciliation of funds						
Total funds brought forward		721,495	(5,603,952)	9,671,382	4,788,925	6,270,385
Total funds carried forward		756,249	(8,431,097)	13,691,924	6,017,076	4,788,925

SMART MULTI ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	13		12,586		23,374
Tangible assets	14		13,209,047		9,272,129
			<u>13,221,633</u>		<u>9,295,503</u>
Current assets					
Debtors	15	1,494,654		1,058,491	
Cash at bank and in hand		2,697,345		1,354,276	
		<u>4,191,999</u>		<u>2,412,767</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(2,219,589)		(1,044,134)	
Net current assets			<u>1,972,410</u>		<u>1,368,633</u>
Total assets less current liabilities			<u>15,194,043</u>		<u>10,664,136</u>
Creditors: amounts falling due after more than one year	17		(212,967)		(48,211)
Net assets before defined benefit pension scheme liability			<u>14,981,076</u>		<u>10,615,925</u>
Defined benefit pension scheme liability	26		(8,964,000)		(5,827,000)
Total net assets			<u>6,017,076</u>		<u>4,788,925</u>
Funds of the Academy Trust:					
Restricted funds	19				
- Restricted fixed asset funds			13,691,924		9,671,382
- Restricted income funds			532,903		223,048
- Pension reserve			(8,964,000)		(5,827,000)
Total restricted funds			<u>5,260,827</u>		<u>4,067,430</u>
Unrestricted income funds	19		<u>756,249</u>		<u>721,495</u>
Total funds			<u>6,017,076</u>		<u>4,788,925</u>

The financial statements on pages 23 to 50 were approved by the Board of Trustees and authorised for issue on 09/12/20 and are signed on their behalf by:


 C A Christie
 Chair

SMART MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by operating activities	23		697,081		133,338
Cash flows from investing activities					
Dividends, interest and rents from investments		1,254		948	
Capital grants from DfE Group		1,092,767		1,043,119	
Purchase of tangible fixed assets		(634,713)		(1,207,900)	
Net cash provided by/(used in) investing activities			459,308		(163,833)
Cash flows from financing activities					
New other loan		195,173		35,084	
Repayment of other loan		(8,493)		(6,073)	
Net cash provided by financing activities			186,680		29,011
Net increase/(decrease) in cash and cash equivalents in the reporting period			1,343,069		(1,484)
Cash and cash equivalents at beginning of the year			1,354,276		1,355,760
Cash and cash equivalents at end of the year			2,697,345		1,354,276

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

General information

SMART Multi Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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.

Basis of preparation

The financial statements of the Academy Trust 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 financial statements 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is 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 whole £1, except where otherwise indicated.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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.

The Trust has generated a strong operating surplus for the financial year of £383k, continuing the underlying improving trend in operating surplus over recent years. Each year the Trust prepares a three year Business Plan that includes key risks and opportunities and measures the impact of changes in key drivers of income and cost, including sensitivities therein. The plan is closely aligned to the Strategy and Vision and Values of the Trust, giving due consideration to changes in staffing cost, IT and premises infrastructure investment required as well as those opportunities the Trust wishes to maximise upon.

The Trust also maintains a healthy cash balance (of £2,697k) alongside a sizeable Unrestricted Reserves balance (of £756k), collectively ensuring that liabilities can be met as they fall due. The Trustees have given due consideration to the Balance Sheet position, the strength of financial controls, future financial forecasting together with a viable Strategy delivered by the Business Plan. Based on this consideration the Trustees are in full agreement that there are no material uncertainties in respect of the Trust's ability to continue as a going concern.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

The Trust holds a strong balance sheet, with net assets of £6,017k, on which our most valuable assets are our land and buildings, to which there has been significant and continued capital investment in our infrastructure to ensure those buildings are maintained in good condition, reducing the exposure to unexpected large repair/renewal costs that would adversely impact our Reserves position. The Trust will continue to invest where appropriate and all investment decisions take due consideration of the medium/longer term affordability of capital contributions being made. The balance sheet is notably impacted by the Defined Pension Scheme Liability which has worsened for two consecutive years, driven by future liabilities and actuarial losses. The overall balance sheet has importantly, however, improved substantially in the current financial year.

The Trust also maintains a healthy cash balance (of £2,697k) alongside a sizeable Unrestricted Reserves balance (of £756k), collectively ensuring that liabilities can be met as they fall due. Having given due consideration to the Balance Sheet position, the strength of financial controls and future financial forecasting that operates, together with a viable Strategy delivered by our Business Plan the Trustees are in full agreement that there are no material uncertainties in respect of the Trust's ability to continue as a going concern.

Income

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 period 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 when 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 and are not deferred over the life of the asset on which they are expended.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This 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

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Intangible fixed assets and amortisation

Intangible assets costing £1,000 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:

Computer software	20% straight line
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Tangible fixed assets and depreciation

Computer equipment costing £150 or more, and other assets costing £1,000 or more are capitalised as tangible fixed assets 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 benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% straight line
Computer equipment	33% straight line
Fixtures, fittings and equipment	20% straight line

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

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 of services it must provide.

Salix and CIF loans

The Academy Trust has two nil Interest Salix loans and five CIF loans which have been agreed by the ESFA. The loans are recognised at the loan amount received less any amounts repaid. At the year end, the outstanding balance on the loans was recognised as a liability.

Leased assets

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.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

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), 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. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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 flow expire or are settled, or substantially all the risks and the 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.

Taxation

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

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers consequently there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities 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.

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 Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

PFI

The Academy Trust occupies buildings under a PFI arrangement. The Academy Trust pays contributions in respect of facilities management. The Academy Trust does not have any rights or obligations of ownership in respect of these assets, and therefore they are not included on the Academy Trust's balance sheet. The Academy Trust's payment for service is recognised in the SoFA.

Where the Academy Trust procures and pays for additional furniture or equipment, the costs are capitalised and depreciated in accordance with the tangible fixed assets policy.

2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Donated fixed assets	-	3,450,000	3,450,000	-
Capital grants	-	1,623,692	1,623,692	1,450,938
Other donations	1,069	1,911	2,980	26,340
	<u>1,069</u>	<u>5,075,603</u>	<u>5,076,672</u>	<u>1,477,278</u>

The income from donations and capital grants was £5,076,672 (2019: £1,477,278) of which £1,069 was unrestricted (2019: £1,099), £1,911 was restricted (2019: £25,241) and £5,073,692 was restricted fixed assets (2019: £1,450,938).

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	9,144,943	9,144,943	8,938,697
Other DfE group grants	-	2,203,275	2,203,275	1,801,871
	<u>-</u>	<u>11,348,218</u>	<u>11,348,218</u>	<u>10,740,568</u>
Other government grants				
Local authority grants	-	1,243,074	1,243,074	1,183,335
	<u>-</u>	<u>1,243,074</u>	<u>1,243,074</u>	<u>1,183,335</u>
Other incoming resources	<u>140,484</u>	<u>-</u>	<u>140,484</u>	<u>181,410</u>
	<u>140,484</u>	<u>12,591,292</u>	<u>12,731,776</u>	<u>12,105,313</u>

The income from funding for educational operations was £12,731,776 (2019: £12,105,313) of which £140,484 was unrestricted (2019: £181,410) and £12,591,292 was restricted (2019: £11,923,903).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	27,059	-	27,059	27,061
Staff services	5,815	-	5,815	15,071
Other income	92,271	-	92,271	128,186
	<u>125,145</u>	<u>-</u>	<u>125,145</u>	<u>170,318</u>

The income from other trading activities was £125,145 (2019: £170,318) of which £125,145 was unrestricted (2019: £170,318).

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Interest from short term deposits	1,254	-	1,254	948
	<u>1,254</u>	<u>-</u>	<u>1,254</u>	<u>948</u>

The income from funding for investment income was £1,254 (2019: £948) of which £1,254 was unrestricted (2019: £948).

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	-	-	125,145	125,145	170,318
Academy's educational operations					
- Direct costs	8,493,210	1,091,229	572,474	10,156,913	9,217,523
- Allocated support costs	1,966,183	805,759	1,112,696	3,884,638	3,970,476
	<u>10,459,393</u>	<u>1,896,988</u>	<u>1,810,315</u>	<u>14,166,696</u>	<u>13,358,317</u>

The expenditure on raising funds was £125,145 (2019: £170,318) of which £125,145 was unrestricted (2019: £170,318).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2020 £	2019 £
Operating lease rentals	183,954	184,063
Depreciation and impairment of tangible fixed assets	1,080,441	285,923
Amortisation of intangible fixed assets	10,788	10,788
Net interest on defined benefit pension liability	105,000	82,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	20,500	20,500
- Other services	8,250	7,500
	<u>28,750</u>	<u>28,000</u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	47,467	10,109,446	10,156,913	9,217,523
Support costs				
Educational operations	60,586	3,824,052	3,884,638	3,970,476
	<u>108,053</u>	<u>13,933,498</u>	<u>14,041,551</u>	<u>13,187,999</u>

The expenditure on charitable activities was £14,041,551 (2019: £13,187,999) of which £108,053 was unrestricted (2019: £155,794), £12,842,269 was restricted (2019: £12,735,494) and £1,091,229 was restricted fixed assets (2019: £296,711).

	2020 £	2019 £
Analysis of support costs		
Support staff costs	1,966,183	2,163,926
Technology costs	148,649	146,268
Premises costs	805,759	720,051
Legal costs	93,316	70,938
Other support costs	831,841	831,280
Governance costs	38,890	38,013
	<u>3,884,638</u>	<u>3,970,476</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	7,487,405	7,289,767
Social security costs	668,281	656,836
Pension costs	2,196,872	2,041,069
Staff costs - employed	10,352,558	9,987,672
Agency staff costs	84,262	275,637
Staff restructuring costs	-	100,826
	10,436,820	10,364,135
Staff development and other staff-related costs	22,573	22,345
Total staff expenditure	10,459,393	10,386,480

Staff restructuring costs comprise:

Severance payments	-	18,570
LGPS strain on fund pension cost	-	82,256
	-	100,826

Staff numbers

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

	2020 Number	2019 Number
Teachers	132	131
Administration and support	239	251
Management	3	3
	374	385

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	4	5
£70,001 - £80,000	2	2
£80,001 - £90,000	2	1

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff (Continued)

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust during the period was £789,215 (2019: £822,373).

10 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services and leadership; and
- strategic leadership, guidance and support

The Academy Trust charges for these services on the following basis:

- 5% of GAG income (excluding high needs funding).

The amounts charged during the year were as follows:

	2020 £	2019 £
Wyndham Primary School	45,882	44,849
Stocksfield Avenue Primary School	87,142	88,891
Farne Primary School	51,058	51,183
Cheviot Primary School	56,269	53,976
Mountfield Primary School	47,590	48,330
Kenton Bar Primary School	64,786	60,988
Kingston Park Primary School	79,520	77,161
North Fawdon Primary School	48,266	44,849
	<u>480,513</u>	<u>470,227</u>

11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employments, and not in respect of their services as Trustees.

C Lofthouse, Accounting Officer, received remuneration during the year of £87,434 (2019: £7,083) and pension contributions paid by the Academy Trust in the year of £20,682 (2019: £1,167).

In the year ended 31 August 2019, the trust paid J Corlett, who left the organisation on 30 September 2018, as compensation for loss of office an amount equivalent to one months salary plus other benefits. This amount was £22,893, alongside employers pension contributions of £3,966 and a payment of £82,256 for LGPS strain on pension.

During the period ended 31 August 2020, travel and subsistence expenses totalling £728 (2019: £nil) were reimbursed or paid directly to 2 Trustees (2019: nil).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

12 Trustees and officers' insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2019 and at 31 August 2020	53,941
Amortisation	
At 1 September 2019	30,567
Charge for year	10,788
At 31 August 2020	41,355
Carrying amount	
At 31 August 2020	12,586
At 31 August 2019	23,374

14 Tangible fixed assets

	Freehold buildings £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2019	9,518,245	222,838	255,569	9,996,652
Additions	4,770,300	40,324	206,735	5,017,359
Disposals	(841,639)	-	-	(841,639)
At 31 August 2020	13,446,906	263,162	462,304	14,172,372
Depreciation				
At 1 September 2019	467,363	155,101	102,059	724,523
On disposals	(841,639)	-	-	(841,639)
Charge for the year	206,243	40,660	55,021	301,924
Impairment	778,517	-	-	778,517
At 31 August 2020	610,484	195,761	157,080	963,325
Net book value				
At 31 August 2020	12,836,422	67,401	305,224	13,209,047
At 31 August 2019	9,050,882	67,737	153,510	9,272,129

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

14 Tangible fixed assets (Continued)

The Trust's transactions relating to land and buildings included:

- The acquisition of the freehold on Kenton Bar Primary School which was donated to the Trust at a value of £3,450,000
- The disposal and impairment of the previous freehold on Kenton Bar Primary School by the Trust at a value of £nil, in exchange for the new build noted above.

15 Debtors

	2020 £	2019 £
Trade debtors	1,528	2,480
VAT recoverable	226,011	282,755
Prepayments and accrued income	1,267,115	773,256
	<u>1,494,654</u>	<u>1,058,491</u>

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Other loans	30,724	8,800
Trade creditors	1,020,425	267,065
Other taxation and social security	160,361	153,789
Other creditors	186,583	169,114
Accruals and deferred income (see note 18)	821,496	445,366
	<u>2,219,589</u>	<u>1,044,134</u>

17 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other loans	<u>212,967</u>	<u>48,211</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Creditors: amounts falling due after more than one year (Continued)

	2020 £	2019 £
Analysis of loans		
Not wholly repayable within five years other than by instalments:	243,691	57,011
Less: included in current liabilities	(30,724)	(8,800)
	<u>212,967</u>	<u>48,211</u>
Amounts included above		
Instalments not due within five years	<u>185,895</u>	<u>13,011</u>
 Loan maturity		
Debt due in one year or less	30,724	8,800
Due in more than one year but not more than two years	30,724	8,800
Due in more than two years but not more than five years	92,173	26,400
Due in more than five years	90,070	13,011
	<u>243,691</u>	<u>57,011</u>

Other loans are loans from Salix and Condition Improvement Fund (CIF). The Salix loans are repayable in twice yearly instalments over 6-8 years and the CIF loans are repayable monthly over 10 years.

18 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	<u>298,013</u>	<u>345,784</u>
 Deferred income at 1 September 2019	345,784	271,739
Released from previous years	(345,784)	(271,739)
Resources deferred in the year	<u>298,013</u>	<u>345,784</u>
 Deferred income at 31 August 2020	<u>298,013</u>	<u>345,784</u>

At the reporting date, the Academy Trust was holding funds received in advance for early years funding, universal infant free school meals and high needs funding.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	223,048	9,144,943	(8,797,009)	(38,079)	532,903
Other DfE / ESFA grants	-	2,203,275	(2,203,275)	-	-
Other government grants	-	1,243,074	(1,243,074)	-	-
Other restricted funds	-	1,911	(1,911)	-	-
Pension reserve	(5,827,000)	-	(597,000)	(2,540,000)	(8,964,000)
	<u>(5,603,952)</u>	<u>12,593,203</u>	<u>(12,842,269)</u>	<u>(2,578,079)</u>	<u>(8,431,097)</u>
Restricted fixed asset funds					
Inherited on conversion	7,465,480	-	(190,968)	-	7,274,512
DfE group capital grants	2,127,071	1,623,692	(887,575)	(186,680)	2,676,508
Capital expenditure from GAG	78,831	-	(12,686)	224,759	290,904
Donated fixed assets	-	3,450,000	-	-	3,450,000
	<u>9,671,382</u>	<u>5,073,692</u>	<u>(1,091,229)</u>	<u>38,079</u>	<u>13,691,924</u>
Total restricted funds	<u>4,067,430</u>	<u>17,666,895</u>	<u>(13,933,498)</u>	<u>(2,540,000)</u>	<u>5,260,827</u>
Unrestricted funds					
General funds	<u>721,495</u>	<u>267,952</u>	<u>(233,198)</u>	<u>-</u>	<u>756,249</u>
Total funds	<u>4,788,925</u>	<u>17,934,847</u>	<u>(14,166,696)</u>	<u>(2,540,000)</u>	<u>6,017,076</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds (Continued)

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

General Annual Grant

General Annual Grant must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/ESFA grants

Other DfE/ESFA grants comprise pupil premium targeted at disadvantaged pupils, free school meals income and other grants.

Other government grants

Other government grants include high needs funding, 2 year old grant income and Early Years funding.

Other restricted funds

Other restricted funds include funds given for a specific purpose.

Pension reserve

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 26.

Inherited on conversion

Transferred on conversion include the buildings of the Academy Trust. Depreciation will be charged to the fund over the life of the related assets.

DfE group capital grants

Capital grants have been received for utilisation on building improvements and refurbishments. Costs incurred have been charged to the fund.

Capital expenditure from GAG

This represents the total capital expenditure from the GAG. Depreciation will be charged to the fund over the life of the related assets.

Donated fixed assets

This represents donated land and buildings from the DfE. Depreciation will be charged to the fund over the life of the related assets.

Unrestricted funds

General funds can be used for any purpose, at the discretion of the Trustees, within the objectives of the Academy Trust.

Transfers

Transfers between funds represent amounts financed from restricted reserves.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds (Continued)

Funds prior year

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	397,612	8,938,697	(9,076,047)	(37,214)	223,048
Other DfE / ESFA grants	-	1,801,871	(1,801,871)	-	-
Other government grants	-	1,183,335	(1,183,335)	-	-
Other restricted funds	-	25,241	(25,241)	-	-
Pension reserve	(3,301,000)	-	(649,000)	(1,877,000)	(5,827,000)
	<u>(2,903,388)</u>	<u>11,949,144</u>	<u>(12,735,494)</u>	<u>(1,914,214)</u>	<u>(5,603,952)</u>
Restricted fixed asset funds					
Transfer on conversion	7,692,542	-	(227,062)	-	7,465,480
DfE group capital grants	733,096	1,450,938	(56,963)	-	2,127,071
Capital expenditure from GAG	54,303	-	(12,686)	37,214	78,831
	<u>8,479,941</u>	<u>1,450,938</u>	<u>(296,711)</u>	<u>37,214</u>	<u>9,671,382</u>
Total restricted funds	<u>5,576,553</u>	<u>13,400,082</u>	<u>(13,032,205)</u>	<u>(1,877,000)</u>	<u>4,067,430</u>
Unrestricted funds					
General funds	693,832	353,775	(326,112)	-	721,495
	<u>6,270,385</u>	<u>13,753,857</u>	<u>(13,358,317)</u>	<u>(1,877,000)</u>	<u>4,788,925</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds (Continued)

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
Wyndham Primary School	66,925	44,693
Stocksfield Avenue Primary School	502,244	428,543
Farne Primary School	105,772	14,698
Cheviot Primary School	173,799	157,833
Mountfield Primary School	87,236	123,408
Kenton Bar Primary School	82,906	59,848
Kingston Park Primary School	262,742	197,180
North Fawdon Primary School	141,327	10,298
Central services	(133,799)	(91,958)
Total before fixed assets fund and pension reserve	1,289,152	944,543
Restricted fixed asset fund	13,691,924	9,671,382
Pension reserve	(8,964,000)	(5,827,000)
Total funds	6,017,076	4,788,925

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds (Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation, amortisation and LGPS pension charges	Total 2020	Total 2019
	£	£	£	£	£	£
Wyndham Primary School	750,877	125,475	50,156	198,826	1,125,334	1,099,765
Stocksfield Avenue Primary School	1,405,889	142,966	100,971	468,789	2,118,615	2,034,320
Farne Primary School	819,059	155,955	52,013	199,868	1,226,895	1,259,022
Cheviot Primary School	1,070,978	157,085	64,358	253,724	1,546,145	1,525,103
Mountfield Primary School	873,730	80,758	55,518	271,605	1,281,611	1,181,889
Kenton Bar Primary School	1,295,157	112,436	48,342	292,234	1,748,169	1,616,502
Kingston Park Primary School	1,472,264	227,155	101,504	332,529	2,133,452	1,936,923
North Fawdon Primary School	784,581	136,708	91,026	200,345	1,212,660	1,216,214
Central services	20,675	335,645	8,070	201,709	566,099	542,868
	<u>8,493,210</u>	<u>1,474,183</u>	<u>571,958</u>	<u>2,419,629</u>	<u>12,958,980</u>	<u>12,412,606</u>

20 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2020 are represented by:				
Intangible fixed assets	-	-	12,586	12,586
Tangible fixed assets	-	-	13,209,047	13,209,047
Current assets	756,249	2,721,768	713,982	4,191,999
Creditors falling due within one year	-	(2,188,865)	(30,724)	(2,219,589)
Creditors falling due after one year	-	-	(212,967)	(212,967)
Defined benefit pension liability	-	(8,964,000)	-	(8,964,000)
Total net assets	<u>756,249</u>	<u>(8,431,097)</u>	<u>13,691,924</u>	<u>6,017,076</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Analysis of net assets between funds (Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	23,374	23,374
Tangible fixed assets	-	-	9,272,129	9,272,129
Current assets	721,495	1,258,382	432,890	2,412,767
Creditors falling due within one year	-	(1,035,334)	(8,800)	(1,044,134)
Creditors falling due after one year	-	-	(48,211)	(48,211)
Defined benefit pension liability	-	(5,827,000)	-	(5,827,000)
Total net assets	721,495	(5,603,952)	9,671,382	4,788,925

21 Capital commitments

	2020 £	2019 £
Expenditure contracted for but not provided in the financial statements	831,845	601,253

22 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	183,266	173,190
Amounts due between one and five years	565,744	686,898
Amounts due after five years	1,127,040	1,536,516
	1,876,050	2,396,604

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

23 Reconciliation of net income to net cash flow from operating activities

	2020 £	2019 £
Net income for the reporting period (as per the statement of financial activities)	3,768,151	395,540
Adjusted for:		
Capital grants from DfE and other capital income	(5,073,692)	(1,450,938)
Interest receivable	(1,254)	(948)
Defined benefit pension scheme costs less contributions payable	492,000	567,000
Defined benefit pension scheme finance cost	105,000	82,000
Depreciation and impairment of tangible fixed assets	1,080,441	285,923
Amortisation of intangible fixed assets	10,788	10,788
Movements in working capital:		
Decrease/(increase) in debtors	94,762	(134,140)
Increase in creditors	220,885	378,113
Net cash provided by operating activities	697,081	133,338

24 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	1,354,276	1,343,069	2,697,345
Loans falling due within one year	(8,800)	(21,924)	(30,724)
Loans falling due after more than one year	(48,211)	(164,756)	(212,967)
	<u>1,297,265</u>	<u>1,156,389</u>	<u>2,453,654</u>

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

26 Pension 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 Newcastle City Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and of the LGPS 31 March 2019.

Contributions amounting to £185,354 (2019: £162,424) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 every 4 years. 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 by the Department for Education on 5 March 2019.

The key elements 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 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% (including a 0.08% administration levy) of pensionable pay from September 2019 onwards (compared to 16.48% during 2019/20). The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,096,872 (2019: £740,069).

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

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.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

26 Pension and similar obligations (Continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 6.5% for employers and 23.3% for employees.

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

Total contributions made	2020 £	2019 £
Employer's contributions	608,000	734,000
Employees' contributions	146,000	157,000
Total contributions	<u>754,000</u>	<u>891,000</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2020 by a qualified independent actuary.

	2020 %	2019 %
Rate of increase in salaries	3.8	3.6
Rate of increase for pensions in payment/inflation	2.3	2.1
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	<u>2.3</u>	<u>2.1</u>

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

	2020 Years	2019 Years
Retiring today		
- Males	21.8	21.9
- Females	23.5	25.1
Retiring in 20 years		
- Males	25.0	23.6
- Females	<u>26.8</u>	<u>26.9</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

26 Pension and similar obligations (Continued)

The Academy Trust's share of the assets in the scheme	2020 Fair value £	2019 Fair value £
Equities	3,891,000	3,859,000
Government bonds	175,000	242,000
Corporate bonds	1,665,000	672,000
Cash	138,000	124,000
Property	669,000	507,000
Other assets	734,000	489,000
Total fair value of assets	<u>7,272,000</u>	<u>5,893,000</u>

The actual return on scheme assets was £846,000 (2019: £505,000).

Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	1,100,000	836,000
Net interest cost	105,000	82,000
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	465,000
Total operating charge	<u>1,205,000</u>	<u>1,383,000</u>

Changes in the present value of defined benefit obligations	2020 £
At 1 September 2019	11,720,000
Current service cost	1,100,000
Interest cost	222,000
Employee contributions	146,000
Actuarial loss	3,269,000
Benefits paid	(221,000)
At 31 August 2020	<u>16,236,000</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

26 Pension and similar obligations (Continued)

Changes in the fair value of the Academy Trust's share of scheme assets

	2020 £
At 1 September 2019	5,893,000
Interest income	117,000
Return on plan assets (excluding net interest on the net defined pension liability)	729,000
Employer contributions	608,000
Employee contributions	146,000
Benefits paid	(221,000)
	<hr/>
At 31 August 2020	7,272,000 <hr/>

27 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 11.