

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 2021



SMART MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Chair	C Foster K Hofbeck C A Christie M Thomas D Williams I Bell
- appointed 2 February 2021	
- appointed 3 February 2021	

Trustees

C A Christie (Chair)
A Keenleyside (Vice Chair & Chair of Performance and Curriculum)
J Quinn (Chair of Finance, Risk and Audit)
D Piggett (Resigned 11 November 2021)
S A Bewick (Resigned 16 August 2021)
M Anderson
J Lawson
M D E Stephenson
K Stevens (nee Caswell)

Senior management team

- CEO	C Lofthouse (Accounting Officer)
- Director of Business & Finance	A Robinson
- Headteacher	R Cleary
- Headteacher	S Hayes (retired 31 August 2021)
- Executive Headteacher	L Gallon
- Headteacher	C Shield
- Headteacher	E Elliot
- Headteacher	J Evans
- Headteacher	E Pattison
- Head of School	S Lonsdale (resigned 31 December 2020)
- Head of School	G Halliford
- Headteacher	D Lynch (appointed 1 September 2021)

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
D Lynch
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
United Kingdom
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 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates eight primary academies in Newcastle upon Tyne. Its academies have a combined pupil capacity of 2,510 and had a roll of 2,295 in the school census in May 2021, showing continued stability from the May 2020 census (2,301 pupils).

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 Cheviot Primary School, Farne Primary School, Kenton Bar Primary School, Kingston Park Primary School, Mountfield Primary School, North Fawdon Primary School, Stocksfield Avenue Primary School and Wyndham Primary School. All Trust 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 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 would exceed eight on the appointment of the new Trustee.

Most Trustees have been recruited using the Academy Ambassadors programme. The programme has proved effective in identifying candidates responding to the characteristics the Trust has identified as desirable and/or essential. 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.

No Trustees have been recruited in the year covered by this report.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of Trustees

No Trustees were appointed in the course of the year reported on. When Trustees are appointed normal practice is that induction is 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.

All Trustees receive documents essential to their role for example the Articles of Association, Academies Financial Handbook and The Charity Commission CC3; The essential trustee: what you need to know and what you need to do. Since the appointment of an experienced Governance Officer to the Board, each new Trustees has been supported in their first period in office.

Trustees are provided with periodic updates on key issues identified by the Charities Commission and the ESFA. Updates in relation to the Academy Trust Handbook and Accounting Officer updates are reported to and discussed at the Board of Trustees' meetings and appropriate sub-committees.

Organisational structure

The company is set up as a Multi Academy Trust model where the Members hold the Trust Board to account for the effective governance of the Trust and ensure that the trust meets its charitable objectives. Members are responsible for the appointment of Trustees and appointment of the external auditor. During the year the two new Members have been appointed to the Trust with a comprehensive training/induction programme led by the Trust Governance Officer.

The Board of Trustees meet at least six 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 Audit and Risk Committee.

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

A review of some aspects of the scheme of delegation aimed particularly at exploring possible improvements in the role, powers and responsibilities of Local Governing Boards is currently under way. This is currently at a consultation stage and is expected to lead to proposals in the coming months. No formal change has been implemented in this year's reporting period.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel (Senior Management Team as noted on page 1) 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 Executive/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.

CEO and other executive role salaries are determined by a working group of Trustees against benchmarked examples from similar sized trusts with reference to the Academies Financial Handbook best practice.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Trade union facility time

The Academy Trust has two employees who are Trade Union employee representatives, but spent no time working on trade union facility time during this year. The Trust continues to contribute on a voluntary basis each year to a fund managed by the Local Authority to provide reimbursement to schools whose staff have been working on trade union matters.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2.00

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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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 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 the Trust's vision and values have been placed at the heart of what the Trust stands for, placing the interests of key stakeholders (pupils, staff, 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, diversity and inclusion 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.

A feature of recent work has been to place the wellbeing of staff at the forefront of our work. Anonymous staff wellbeing surveys have been very successfully used to monitor how well the Trust and individual schools are helping staff feel supported. Trustees have asked for specific attention on monitoring the wellbeing of staff which has been carried out by the Local Governing Boards. As a result, employees report that they have felt well supported by the Trust enabling the smooth wider opening of our schools.

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

The 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.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

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

It remains 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 for the provision of all services to ensure complete transparency for all parties around expectations, responsibilities and obligations from and to our suppliers and to our customers in all that we do. This enables the delivery of consistently good service, the ability to improve where necessary or opportunity presents, together with the timely and professional 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 begun a significant formal procurement exercise for the provision of ICT Services that will transfer to a new contract from August 2022 or before. This is to ensure the Trust has secured continuous good value for money and an improved quality of service critical to our schools in the provision of good quality teaching and education. This will also help us ensure we are fully compliant with safeguarding needs, GDPR and reducing our risk from cyber-attack.

The Trust has also improved contractual transparency with a number of smaller suppliers, providing some cost saving and considerable cost avoidance. This will remain a key focus.

The Trust actively and positively engages with other key professional networks/organisations that have provided us with good, often mutually beneficial advice, support and solutions. These relationships are valuable to us and are encouraged at all levels/disciplines, also offering good staff development opportunities that in turn further enhance our educational offering and our team.

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. During the last twelve months this has proved even more key to our families as access to usual activities has been restricted, with our schools being inventive in the use of school resources to bring support into the community, e.g. use of school minibuses to provide a community collection point for learning resources.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

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

Smart Multi-Academy Trust – Our Vision and 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.

Statement of Intent

Smart Multi-Academy Trust will fulfil its vision by:

- Building a Trust in which schools seek to collaborate and challenge each other to be inclusive and improve the life chances for all of its children.
- Providing an exciting place to work where personnel are all valued, developed and encouraged to stand out and lead.
- Collaboration based on trust and recognition, holding each other to account, seeking out and researching new ways to succeed at improving our schools even further.
- Being financially successful, pursuing value for money and generating income so Trustees can maximise and grow the money available to spend on our pupils.
- Being a fair employer who attracts high quality people through Trustee commitment to wellbeing, professional and personal development.
- Raising aspirations to transform the lives of young people through a curriculum of excellence that provides exciting opportunities and experiences for our pupils and the expert teaching of basic skills for life.
- Prioritising the safety, well-being and health of our pupils and employees

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 skilled and motivated 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 two years we will ensure we build on and crucially maintain the already high standards and effectiveness. The Plan will be reviewed again during 2022 for subsequent years.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

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

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 the work of our schools and been highly valued by them. The Trust has become a valued partner in a number of partnerships and networks where our voice and expertise is often sought. Risk assessments put in place at the start of the pandemic have been constantly updated to take account of the rapidly evolving guidance and have been very successful in enabling pupils, staff and parents or carers to feel that our schools are places of relative safety. Trustees have been proactive in ensuring schools plans were consistent and put in place on the ground through monitoring by the Central executive and through directing monitoring by the Local Governing Boards. The work of the Trust's Headteacher led groups has proved invaluable to provide a flow of consistent and co-produced advice and guidance on all matters such as safeguarding, well-being, remote education, curriculum alterations, assessment and, most importantly, academic catch-up. This last aspect has been a particularly successful example of how the Trust has added value for money and impact by co-ordinating the spend of the catch-up grants to provide whole Trust solutions at speed to the highest priority areas such as additional tuition and mental health support, remote learning solutions and teacher continuing professional development. The Trust benefitted from volunteers from the Newcastle United Foundation for the delivery of food parcels to parents during the first lockdown (prior to the use of vouchers) for some of our schools. This was a welcome and much valued service which lessened the load on the already stretched staff.

School improvement

All of the Smart schools have been inspected within the last two years and are rated as good schools. One school, Cheviot Primary, is awaiting a full Section 5 inspection as it was judged to be potentially outstanding at the last Section 8 monitoring inspection. The timetable for Ofsted carrying out new Section 5 inspections has been delayed by the pandemic. Formal school improvement activity has been delayed and partial during the last 12 months due to the exceptional circumstances of the pandemic and the strict Covid-19 security measures, which have interrupted normal monitoring activity. The impact of this interruption to the Trust's knowledge of any factors which may have a detrimental effect on the performance of any school will become clear once visits recommence during 2021-22 school year. It is not anticipated that there will be any major issues due to the excellent communication between the schools and the Trust executive and more regular virtual meetings that have occurred. However, despite this, the Trust's schools have continued to develop. Planning for whole-trust CPD for teachers on improving writing has begun as well as the very necessary training and support to deliver education remotely. The rapid expansion of the infrastructure and pedagogy to support remote education has proved to be an extremely useful development to improve educational provision which, without the imperative of the pandemic, may have taken years to complete and has left the Trust in a stronger position as a result.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Business Plan progress

Despite the necessary focus on managing the Covid pandemic, important improvement targets from the business plan have been successfully completed, illustrating the strength of the Trust.

A new system for the management of strategic risk across all areas of the Trust and its schools is in place and will be fully operational early in the new school year. This will ensure a consistent focus on the key areas of risk is maintained delivering further improvements going forwards.

A new Trust Governance Development Officer has been appointed to the central team. This has ensured a continued focus on the governance development plan ensuring statutory responsibilities are more efficiently carried out, together with better quality monitoring, challenge and support at all levels of governance.

New systems to identify, nurture and promote talent within the organisation has led to very successful succession planning coming to fruition. Several key appointments at senior levels within the organisation have been filled from within the Trust enabling seamless transition and a retention of knowledge and experience.

Expansion for additional places has been completed at Kenton Bar Primary with a DfE funded new build as recognised in the prior year. Further plans are well under way for another Trust school to become three form entry to cater for pupils coming from new housing developments. This will secure pupil place funding in the future.

Partnership work with the local authority has secured additional funding to our five additional resource centres (ARPs) which will ensure the ongoing provision of high quality education to pupils with high SEND needs.

Trust estate improvements

Significant investment in our school buildings and grounds has taken place again this year, resulting in better quality learning and working environments in more of our estate. The Trust was very pleased to be awarded further CIF (Condition Improvement Fund) bids totalling £1.6m of investment during the year, two of only three awards made in the Newcastle City Council area. Significant positive impact has been seen in infrastructure (roofing, cladding replacement, heating) as well as safeguarding with perimeter fencing and CCTV reducing the risk to our staff, pupils and property.

To date the Trust estate has benefited from £6.4m of CIF investment, plus a new building in 2020 at Kenton Bar Primary adding further investment of £3.5m from the DfE. The Trust will contribute £1.04m of funds/Reserves to this total investment and has also incurred asset write off/impairment charges of £779k in 2020 for the old Kenton Bar building demolished on completion of the new build.

In addition, the Trust has concluded the transfer of additional land from a neighbouring Trust which has significantly expanded and improved the play/activity space at Kenton Bar Primary during the year.

The Trust has a schedule of refurbishment/upgrading works required over the next few years to make sure our estate remains both safe and current, in addition to identifying the large scale investment projects required. Some part of this can be funded from Reserves, but we must continue to seek DfE or other sources of funding to address works outstanding.

At the time of writing, the Trust has committed to further investment from Reserves in smaller projects in our schools totalling £389k during next year, in addition to the £179k this year.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

School performance

In 2020 and 2021 statutory assessments were suspended due to the impact of Covid-19 pandemic. As a result, no formal SATs took place and instead schools were allowed to complete internal teacher assessments only. The reading test or phonic checks were completed in line with the direction of the DfE. Therefore, no national benchmarks are available, and no results will be used for accountability measures for 2020/2021.

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 the impact of the pandemic on lost learning time. Despite this some areas show the effectiveness of the work schools have done to help pupil's catch-up to mitigate what may have been a much worse picture. To make some assessment of the impact of the pandemic comparisons are made in the following paragraph to pre-pandemic results from July 2019.

Early Years Foundation Stage Profile for the proportion of pupils reaching a good level of development is 56.8% (indicative result due to partial data). Considering that the interruption to quality first teaching for our youngest children (traditionally who enter with attainment below that typically seen nationally) will have had most impact it is no surprise to see a 10% drop. Pupils in KS1 have also felt the impact of the lockdowns and self-isolation with pupils reaching the expected standard in reading and writing hardest hit down approximately 20% on 2019; maths less so, recovering well due to interventions down 15%. Pupils reaching greater depth have been affected less with an approximate 8% drop from pre-pandemic results.

In KS2 pupils seem to have been slightly less affected or interventions have been more successful with older pupils to help them regain lost knowledge. At the expected standard, the reduction is less pronounced than in KS1 reading c. 9%, writing 17%, maths 15% and grammar punctuation and spelling 15% down. The usual combined measure of reading, writing and maths is down 15% when compared to 2019; just less than 10% of the previous National results 65%. Again, more able pupils have been less affected with those reaching the higher level in reading down by much less; 2.4% in reading, 2.1% writing, maths 8.8% and GPS 15.4%.

Interpreting and drawing conclusions from the data over the last two years is clearly highly complex. Not all schools have been affected to the same extent with certain year groups in some schools having had to repeatedly self-isolate whilst similar pupils in other schools have not been affected at all by self-isolation. For this reason, the Trust will not use results to draw any major conclusions or judgement about overall school performance. The Trust will continue to make every possible effort in the coming years to support pupils in regaining lost knowledge.

Promoting the success of the charitable 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.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

- 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.

Financial review

The majority of the Multi-Academy Trust's income is received from the Department for 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 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2021 total income, excluding Restricted Fixed Asset Grant funding, was £13,377k (2020: £12,861k), from which the Trust has generated an overall operating surplus of £591k* (2020: £383k). It is important to note, however, that the underlying operating surplus is a notably lower £208k.

*before depreciation, capital additions and the pension fund

Covid-19 related staff sickness absence and phased returns to work, self-isolation and home working from 28 weeks of pregnancy have contributed towards the increased cost of staffing by £262k in the year. In addition to the operational disruption and related cost, supply staff have been at times difficult to source and at a premium cost. The Trust has also faced continued increased expenses to maintain social distancing and enhanced cleaning regimes, which together with the loss of the opportunity for most self-generated income and related profit in the year have collectively placed budgets under extreme pressure. Forecast cost savings realised in 2021 from staffing changes have been wholly offset, but did enable the Trust to partially minimise the adverse impact of increased Covid-19 related costs in 2020/21.

All of our Trust schools again remained open to key worker and vulnerable children throughout the spring 2021 term, but social distancing/maintenance of bubbles and other Covid-19 related restrictions throughout the year have reduced in year spend on some of our usual child focussed resources and services by £212k. The Trust has also been forced to defer £155k of infrastructure spend into 2022 due to availability of materials and tradesperson lead times. Whilst the Trust is able to add substantially to Reserves in 2021, 2022 will see the Reserves balance reduce as infrastructure projects are completed and child focussed spend returns to a level most likely higher than historically seen to ensure our pupils are able to continuously excel once again.

The Trust has recognised £195k in Catch-Up Premium funding from the DfE during the year, equivalent to £80 per child. The Catch-Up Premium is enabling the provision of improved online learning platforms, additional pupil tutoring, plus a wide reaching literacy improvement project and pupil counselling to address the substantial gaps in our children's confidence and learning as a result of the pandemic. These projects will continue into the new 21/22 academic year with £91k carried forward into 2022 to fund the related costs. Income recognised in 2021 has been fully matched to the related costs incurred during the year.

Whilst the Trust has managed to bring forward some planned refurbishment work into 2021, the deferral of such costs together with increased numbers of Free School Meals eligible children places our Trust under increased spending pressure again in 2022. The Trust has been able to draw on Reserves where necessary to absorb additional costs incurred this year and will need to do so again in 2022.

However, positively the underlying trend of operational financial performance continues to strengthen year on year, benefiting from improvements in procurement and financial control/visibility. During 2021 restructuring costs totalling £16k were incurred (2020: nil).

Total income for the year was £15,204k (2020: £17,935k) including a decrease of donated assets of £3,324k. The Trust has again benefited from success in the 21/22 Condition Improvement Fund (CIF) applications, recognising £1,701k in the year ended 31 August 2021 (2020: £1,624k) in CIF and Devolved Capital (DFC) allocations. To date the Trust has secured £6.5m of capital investment through CIF grant awards funding essential large scale improvements in our infrastructure, including safeguarding and refurbishment. The Trust has this year committed a further £217k from Reserves towards this continued investment, with a total commitment of £1,031k ensuring we maintain the best learning and working environment, recognising the value added to our educational settings.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Cash balances remain strong for the Trust £3,022k (2020: £2,697k) including £501k on medium term deposit to enable us to earn a marginally better rate of interest income. The strong cash balances allow us to 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 schools within our Trust. The closing year end position, as at 31 August 2021, was that the level of Reserves not tied up in fixed assets and excluding Defined Benefit Pension balances are £1,843k (2020: £1,289k). This is, overall, better than expectation based upon Budget provisions at the outset of the year, largely due to the receipt of Teachers' Pay and Pension grant income for the period April to August 2021 which had not been confirmed at the time of setting the 2021 Budget. This improvement does, however, include the shorter term benefit of the deferral of £480k 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 a sufficient level of reserves to meet current operating needs.

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 again generated a strong operating surplus for the financial year of £591k, including funding of £179k of infrastructure investment in the year from Reserves. Within that operating surplus we have seen good improvement in financial management and performance of several schools who are now firmly on track to generate a modest annual surplus having executed effective recovery plans. A large part of operating surplus is attributable to the Covid-19 related restrictions deferring expenditure that will need to be spent in future years. The Trust has given due consideration to the potential adverse impact of the cost of longer term continued additional pupil needs and rising purchase costs arising from Covid-19, and whilst currently comfortable that we are able to support this to a known level, we will need to address this further during the next three year Budget exercise.

The underlying improving trend in operating surplus over recent years continues in 2021, reported monthly to Trustees with variances to Budget analysed and explained with a full in year Forecast position reported periodically during the year.

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. All key business decisions, including pay awards, and reporting are referenced back to the objectives, priorities and risk appetite of the Trust as set out in the Business Plan and to cash flow to ensure ongoing liquidity and affordability. The Trust also prepares a three year Budget each year allowing for forward planning, identification of risks and opportunities against which sensitive profiles can be calculated and action plans to avoid/minimise or maximise, as appropriate, to ensure continued strong financial performance of the Trust. Cash flow, ICT and premises investment plans also form part of this three year budget.

The Trust receives the majority of its funding from the DfE, largely driven by pupil numbers within our schools. Trustees have and will continue to monitor pupil numbers per school to ensure any necessary decisions are fully informed and executed in a timely manner. During 2021 Trustees have considered the impact of the proposed expansion of Kingston Park Primary on the Trust as a whole and will continue to review during 2022 as plans progress. In general, Trust pupil numbers have remained relatively constant in recent years, and after taking consideration of the historical fall in birth rates that will impact school age children over the next few years, Trustees remain confident of maintaining pupil numbers as a minimum. Achievement of our Business Plan remains sensitive to changes in DfE funding for education, which has historically kept pace with the national increases in our largest operating cost of staffing, although it is evident that 2022 funding for Teachers' Pay and Pension costs is reduced. The number of children requiring SEN or additional support in our schools, is steadily growing across all year groups, which together with a significant increase in eligibility for Free School Meals (12.7%/118 children in the year) are placing financial pressures on school budgets.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

The Trust holds a strong balance sheet, with net assets of £7,167k, on which our most valuable assets are our land and buildings, to which there has been another year of significant (£1,970k) 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 consideration of the medium/longer term affordability of capital contributions being made. The balance sheet is notably impacted by the Local Government Defined Pension Scheme Liability which has worsened for the third consecutive year, driven by future liabilities and actuarial losses. It is noteworthy that the increase in net pension liability in 2021 is smaller than in previous three years. The overall balance sheet has importantly, however, improved substantially in the current financial year.

The Trust also maintains a healthy cash balance of £3,022k (2020: £2,697k) alongside a sizeable Unrestricted Reserves balance of £772k (2020: £756k), which whilst collectively means we remain confident of being able to meet all financial liabilities as they fall due, we are also aware of the investment still required in our estate to redress chronic historical underfunding that would substantially weaken our position if DfE/other funding is not secured. Cash flow reporting, including a forecast for future periods/years, is shared with Trustees regularly forming part of Finance Audit and Risk Committee information.

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.

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.

During the year ending 31 August 2021, the Risk Management Framework has been through an extensive review resulting in the introduction of a robust (VFM) Risk Management portal, RSM4Risk, with good progress made to date and full roll out across our schools expected to complete early in the Autumn 2021 term, supported by solid training to ensure our employees have the skillset to effectively manage risk across the Trust.

The Board of Trustees have also approved a revised Risk Appetite, providing a sound measure against which key Trust decisions can be assessed.

The Risk Management strategy achieves the following:

- Ensures that the Trust's risks are aligned with both the Trust's strategy and Business Plan
- 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
- Ensures 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.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

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 in note 1.

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 is reviewed annually and sets a fixed minimum amount, currently £20k, that each* school must add to its 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 it also allows a steady increase in available reserves to meet most larger future items of expenditure from Reserves balances. Closing Reserves (being restricted income and unrestricted income funds) at 31 August 2021 are £1,843k (2020: £1,289k), again higher than expected due largely to deferral of spend into 2022 due to Covid-19 related restrictions. The Trust is aware of the remaining substantial investment required in our estate and infrastructure, some of which will inevitably need to be funded from Reserves in due course.

*unless by agreed exception supported by investment project expenditure and/or recovery plan to reposition any operating deficit that may arise.

Regular financial and resourcing monitoring reviews with our schools, together with robust forecasting, are enabling the Trust to identify at an early stage any concerns, opportunities or unexpected issues/challenges. This has enabled us to closely track progress towards the full year Budget position and agree use of Reserves to fund essential projects or support transition through any difficult period, whilst also planning for future required investment in equipment, staffing and/or infrastructure. This open and collaborative process has also facilitated embedded practices and necessary training or improvements that ensure budget setting and decision making is a more efficient and robust process across our schools. We continue to seek to improve embedded controls as part of our day to day operation.

The Trust has liabilities in relation to the Local Government Pension Scheme (LGPS) which is a funded defined benefit pension scheme (see note 26). The full amount of the liability is not due, however, the position of the pension scheme will generally result in a cash flow effect for the Trust, with a deficit position usually necessitating an adverse cash flow impact with an increase in employers' contributions paid into the scheme over time. A surplus position may generate a positive cash flow effect if employers' contributions are reduced.

The Trust currently holds Free Reserves (Total funds less amounts held in fixed assets and restricted funds) of £772k (2020: £756k) and has budgets in place to add to Reserves. Continued restrictions as a result of Covid-19 have again substantially reduced the income historically generated by our schools and precluded new opportunities being launched. However, as the largest component of the Trust's operating expenses continue to be 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. The Finance, Audit and Risk Committee review Reserves levels on a termly basis, in line with budget monitoring presented to Trustees.

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. Key features of the policy are:

- To invest cash not needed for immediate day to day operations, with the Objective to achieve the highest rate of within specified risk levels; and
- To reinvest all investment income generated back into the Academy Trust; and
- To make cash investments to preserve the capital value; and
- All investments must be approved in writing and reviewed regularly by Trustees; and
- The Trust may appoint a suitably qualified financial expert to provide advice

The Policy has been reviewed during 2021 and has remained largely unchanged. Trustees consider the policy robust and have approved the latest update.

Key performance indicators

In terms of key performance indicators, the level of staff costs as a % of total expenditure remains an important benchmark as the single largest category of our operating costs — and for the year ended 31 August 2021, staff costs amounted to 78.2% (2020: 73.8% including Impairment cost of £779k in total costs; 77.5% excluding Impairment) of 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 schools 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 all of our eight schools (2020: five of our eight schools). As previously highlighted, we expect Reserves balances held to substantially reduce in 2022 to facilitate the completion of infrastructure investment projects and increase in spend on child facing/centred resources.

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 what is judged to be 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.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Plans for future periods

The business plan looks forward to the further development of the Trust and the potential 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. They also serve to both reinforce and further embed the visions and values of the Trust.

- 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 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.
- Expertly manage and develop our workforce through improved consistency in HR policy and practice.
- Continue to manage the Covid-19 crisis to maintain the health and safety and wellbeing of our employees and pupils and continue to provide high quality education.
- Develop Trust Governance to ensure at all levels governors are well trained and knowledgeable and use their skills to provide support and challenge to schools.
- Improve the quality of the teaching and learning of writing by embedding a whole trust Talk for Writing approach.
- Procure IT services to ensure a cost effective solution which will support delivery of the IT development plan.
- Expand the Business Plan to include a financial management workstream

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

The key strategic 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 Trusts Risk Register. 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.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Covid-19 — the impact of the ongoing 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) this has particularly affected the attainment and development of the youngest children joining the schools with poor verbal and social skills which will impact on progress; Employee and learner wellbeing and mental health — pupils have variously been affected by the time away from school which has led to an increase in behaviour issues (temporary exclusions) and the need to provide nurture and support for those most affected, the impact of the extended Covid security measures, anxiety, increased workload/hours and risks from Covid will impact productivity (sickness absence), recruitment and retention of staff. 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.

Trust Growth – The principle routes for Trust growth will come from schools asking to join the Trust, sponsored acquisition by request of the DfE or through merger with another Trust. Alongside the opportunities this would bring to grow and secure the financial sustainability of the Trust, there are also risks associated with the growth process. Ensuring capacity to cover the additional workload needed to negotiate and carry out due diligence will be critical. This will enable successful growth without negative impact on sustaining our current positive outcomes or slowing current development projects.

All key areas are being strictly monitored, reviewed and continuously managed by the Trust with any financial related challenges regularly and promptly discussed with Trustees.

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.

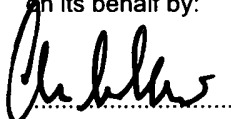
AUDITOR

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 8 Dec 2021 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 is 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 full Board of Trustees has formally met seven times during the year ended 31 August 2021. In addition the two main sub-committees of Performance and Curriculum and Finance Audit and Risk 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
A Keenleyside (Vice Chair & Chair of Performance and Curriculum)	7	7
J Quinn (Chair of Finance, Risk and Audit)	7	7
D Piggett (Resigned 11 November 2021)	5	7
S A Bewick (Resigned 16 August 2021)	3	7
M Anderson	4	7
J Lawson	4	7
M D E Stephenson	7	7
K Stevens (nee Caswell)	7	7

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

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 continued. Building on previous work, attention has continued to the management accounts and reporting process and to budget development. Significant further improvement in the success with which different parts of the organisation are working together has been recorded.

Following the appointment of a Trust Governance Development Officer, work has been undertaken with the aim of significantly enhancing the way we work with the schools and the local committee structure. This work, in which we are currently consulting with the parties involved regarding possible changes, has been a significant area of attention in the year of this report. It is expected to involve some evolution in our scheme of delegation to ensure the local committees provide the most effective support and challenge at school level together with support to the Trust and monitoring of its policies.

The recruiting of new Governors from a diverse range of backgrounds has continued very effectively bringing new skills and perspective. In addition the Governor Development Programme has been rolled out to an initial cohort of Governors.

Risk management has been an area of particular attention and is addressed further in the paragraphs which follow.

Statistical data gathering has continued to be well supported. The disruption due to Covid has been significant and means that progress measurement has been challenging. The whole topic has been an area of keen attention and we are pleased with the progress made in the circumstances.

In line with recommended practice, in early 2022 the Trust will commence a procurement exercise to appoint an external auditor for the year ending 31st August 2022 and thereafter. This is to ensure both continued strong quality of service and value for money are being achieved.

Finally, we have used outside contractors to undertake internal audit studies completely independent from the financial statements and regularity audit. The activities involved at the Trustee level were managed by the Finance Audit and Risk committee. The topics addressed were Health and Safety and Payroll. The results were generally positive but also a number of useful points and action proposals were identified in both activities. Further details of this process are provided in the paragraphs which follow.

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
J Quinn (Chair of Finance, Risk and Audit)	4	4
D Piggett (Resigned 11 November 2021)	3	4
M D E Stephenson	2	4
K Stevens (nee Caswell)	4	4

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

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:

- Ensuring 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; and
- 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.

During the year ending 31 August 2021, 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
- Commenced supplier negotiations to add greater levels of Human Resources services to our schools, which whilst adding a modest additional cost will ensure better employee support, manifesting itself in cost avoidance/minimisation; 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 forced the temporary suspension of this project and this remains suspended at the time of writing.
- Ensured Catch-Up Premium funding levered lowest pricing through the provision of the same offering across all of our schools, providing maximum benefit to our children whilst still ensuring individual catch up needs are met; and
- Continued to review our contracts for the supply of goods and services across our schools to ensure best value.
- Worked closely with the Local Authority to secure greater funding for our Additional Resource Provision centres across our schools. These are very much an asset of our schools offering really strong additional support to some of those children who most need it.

The Trust recognises the importance of continually enhancing Value for Money and in 2021/22 we plan to embed further improved benchmarking processes and extend the range of contracts operated on a Trust wide basis working collaboratively with our school leaders. We also hope to resume and conclude the currently suspended tender process.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

The Internal Scrutiny programme put in place by Trustees includes an independent external review during 2022 of the Key Financial Controls, which are part of the system of internal control.

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 Trusts significant risks that has been in place for the period 1 September 2020 to 31 August 2021 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, Audit and Risk 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.

The Board of Trustees has considered the need for a specific internal audit function and appointed Azets Holdings Ltd as independent internal auditor, to execute the programme of internal risk-based scrutiny for the period 1 September 2020 to 31 August 2021. A further programme of internal risk based scrutiny is already in place for 2021/2022, formally agreed at the Board of Trustee meeting in July 2021.

On an annual basis, the independent internal auditor reports to the Board of Trustees, through the Finance, Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a 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.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The following additional points are noteworthy:

- In addition to Azets programme of internal risk-based scrutiny, specialists performed a detailed Health & Safety review, outlining the Trust's robust culture and recommendations to strengthen the system of controls yet further.
- Trustees approved a refreshed risk management framework, covering both strategic and operational risks for the Trust. Training and roll out across all schools will take place during 2022.
- The revised risk management framework now ensures effective monitoring and internal assurance processes for strategic risks are firmly in place in addition to an in-depth reporting process, enabling timely Board of Trustee review and challenge.
- A Risk Appetite was reviewed and approved by the Board of Trustees, providing a clear measure against which all key Trust decisions are now assessed.

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 Azets and the detailed Health & Safety review
- the work of the Finance, Risk and Audit Committee
- 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.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Risk 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 8 Dec 2021 and signed on its behalf by:



C A Christie
Chair



C Lofthouse
Accounting Officer

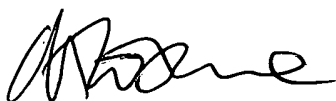
SMART MULTI ACADEMY TRUST

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 2020.

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 2020.

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

08/12/21

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:

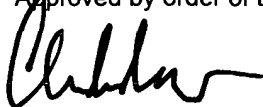
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 8 June 2021 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 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 2020 to 2021 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 2021 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 2020 to 2021 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees' are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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.

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 24, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Education and Skills Funding Agency's Academies Financial Handbook and Annual Accounts Direction. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustee's Report.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), Keeping Children Safe in Education under the Education Act 2002, the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates included within the 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

Lucy Robson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
United Kingdom, NE1 4AD
...12.12.21.....

SMART MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

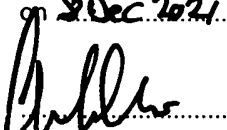
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	3	1,598	5,312	1,826,776	1,833,686	5,076,672
Charitable activities:						
- Funding for educational operations	4	102,460	13,138,204	-	13,240,664	12,731,776
Other trading activities	5	129,330	-	-	129,330	125,145
Investments	6	535	-	-	535	1,254
Total		233,923	13,143,516	1,826,776	15,204,215	17,934,847
Expenditure on:						
Raising funds	7	129,330	-	-	129,330	125,145
Charitable activities:						
- Educational operations	8	88,996	13,435,982	468,333	13,993,311	14,041,551
Total	7	218,326	13,435,982	468,333	14,122,641	14,166,696
Net income/(expenditure)		15,597	(292,466)	1,358,443	1,081,574	3,768,151
Transfers between funds	19	-	(37,210)	37,210	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit obligations	26	-	68,000	-	68,000	(2,540,000)
Net movement in funds		15,597	(261,676)	1,395,653	1,149,574	1,228,151
Reconciliation of funds						
Total funds brought forward		756,249	(8,431,097)	13,691,924	6,017,076	4,788,925
Total funds carried forward		771,846	(8,692,773)	15,087,577	7,166,650	6,017,076

SMART MULTI ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		1,798		12,586
Tangible assets	14		14,712,532		13,209,047
			<u>14,714,330</u>		<u>13,221,633</u>
Current assets					
Debtors	15	1,671,759		1,494,654	
Cash at bank and in hand		<u>3,022,204</u>		<u>2,697,345</u>	
		4,693,963		4,191,999	
Current liabilities					
Creditors: amounts falling due within one year	16	<u>(1,866,254)</u>		<u>(2,219,589)</u>	
Net current assets			<u>2,827,709</u>		<u>1,972,410</u>
Total assets less current liabilities			<u>17,542,039</u>		<u>15,194,043</u>
Creditors: amounts falling due after more than one year	17		<u>(611,389)</u>		<u>(212,967)</u>
Net assets before defined benefit pension scheme liability			<u>16,930,650</u>		<u>14,981,076</u>
Defined benefit pension scheme liability	26		<u>(9,764,000)</u>		<u>(8,964,000)</u>
Total net assets			<u><u>7,166,650</u></u>		<u><u>6,017,076</u></u>
Funds of the Academy Trust:					
Restricted funds	19				
- Restricted fixed asset funds			15,087,577		13,691,924
- Restricted income funds			1,071,227		532,903
- Pension reserve			<u>(9,764,000)</u>		<u>(8,964,000)</u>
Total restricted funds			<u>6,394,804</u>		<u>5,260,827</u>
Unrestricted income funds	19		<u>771,846</u>		<u>756,249</u>
Total funds			<u><u>7,166,650</u></u>		<u><u>6,017,076</u></u>

The financial statements on pages 28 to 55 were approved by the Board of Trustees and authorised for issue on 2 Dec 2021 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 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	23		237,143		697,081
Cash flows from investing activities					
Dividends, interest and rents from investments		535		1,254	
Capital grants from DfE Group		1,444,499		1,092,767	
Purchase of tangible fixed assets		(1,788,544)		(634,713)	
Proceeds from sale of tangible fixed assets		8,682		-	
Net cash (used in)/provided by investing activities			(334,828)		459,308
Cash flows from financing activities					
New other loan		440,353		195,173	
Repayment of other loan		(17,121)		(8,493)	
Finance costs		(688)		-	
Net cash provided by financing activities			422,544		186,680
Net increase in cash and cash equivalents in the reporting period			324,859		1,343,069
Cash and cash equivalents at beginning of the year			2,697,345		1,354,276
Cash and cash equivalents at end of the year			3,022,204		2,697,345

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 2021 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 principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently, in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

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 £591k (calculated as net income for the year of £1,082k less net capital income of £1,358k, and adding back defined benefit pension charges of £868k) 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 £3,022k) alongside a sizeable Unrestricted Reserves balance (of £772k), 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 2021

1 Accounting policies (Continued)

The Trust holds a strong balance sheet, with net assets of £7,167k, 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.

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, when performance-related conditions have been met, and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 2021

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.

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:

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

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 or services it must provide.

Salix and CIF loans

The Academy Trust has five nil interest Salix loans and fourteen 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.

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.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

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.

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.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

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 2021. 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Donated fixed assets	-	125,900	125,900	3,450,000
Capital grants	-	1,700,876	1,700,876	1,623,692
Other donations	1,598	5,312	6,910	2,980
	<u>1,598</u>	<u>1,832,088</u>	<u>1,833,686</u>	<u>5,076,672</u>

The income from donations and capital grants was £1,833,686 (2020: £5,076,672) of which £1,598 was unrestricted (2020: £1,069), £5,312 was restricted (2020: £1,911) and £1,826,776 was restricted fixed assets (2020: £5,073,692).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE / ESFA grants				
General annual grant (GAG)	-	9,521,719	9,521,719	9,144,943
Other DfE / ESFA grants:				
- Universal infant free school meals	-	207,854	207,854	247,683
- Pupil premium	-	1,295,064	1,295,064	1,261,863
- Teachers pension	-	338,303	338,303	306,685
- Teachers pay	-	107,860	107,860	86,246
- Others	-	272,971	272,971	300,798
	-	11,743,771	11,743,771	11,348,218
Other government grants				
Local authority grants	-	1,199,152	1,199,152	1,243,074
COVID-19 additional funding (DfE / ESFA)				
Other DfE / ESFA COVID-19 funding	-	195,281	195,281	-
	-	195,281	195,281	-
Other incoming resources	102,460	-	102,460	140,484
	102,460	13,138,204	13,240,664	12,731,776

The income from funding for educational operations was £13,240,664 (2020: £12,731,776) of which £102,460 was unrestricted (2020: £140,484) and £13,138,204 was restricted (2020: £12,591,292).

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the Academy Trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported within the Other DfE/ESFA grants/Other DfE group grants line item, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	41,489	-	41,489	27,059
Staff services	-	-	-	5,815
Other income	87,841	-	87,841	92,271
	<u>129,330</u>	<u>-</u>	<u>129,330</u>	<u>125,145</u>

The income from other trading activities was £129,330 (2020: £125,145) of which £129,330 was unrestricted (2020: £125,145).

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Interest from short term deposits	535	-	535	1,254

The income from funding for investment income was £535 (2020: £1,254) of which £535 was unrestricted (2020: £1,254).

7 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2021 £	Total 2020 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	-	-	129,330	129,330	125,145
Academy's educational operations					
- Direct costs	8,732,840	468,333	531,166	9,732,339	10,156,913
- Allocated support costs	2,292,454	866,904	1,101,614	4,260,972	3,884,638
Total support costs	<u>11,025,294</u>	<u>1,335,237</u>	<u>1,762,110</u>	<u>14,122,641</u>	<u>14,166,696</u>

The expenditure on raising funds was £129,330 (2020: £125,145) of which £129,330 was unrestricted (2020: £125,145).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2021 £	2020 £
Operating lease rentals	189,618	183,954
Depreciation and impairment of tangible fixed assets	457,745	1,080,441
Amortisation of intangible fixed assets	10,788	10,788
Gain on disposal of fixed assets	(200)	-
Interest	688	-
Net interest on defined benefit pension liability	148,000	105,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	22,000	20,500
- Other services	17,750	8,250

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Direct costs				
Educational operations	17,434	9,714,905	9,732,339	10,156,913
Support costs				
Educational operations	71,562	4,189,410	4,260,972	3,884,638
	88,996	13,904,315	13,993,311	14,041,551

The expenditure on charitable activities was £13,993,311 (2020: £14,041,551) of which £88,996 was unrestricted (2020: £108,053), £13,435,982 was restricted (2020: £12,842,269) and £468,333 was restricted fixed assets (2020: £1,091,229).

	2021 £	2020 £
Analysis of support costs		
Support staff costs	2,292,454	1,966,183
Technology costs	216,338	148,649
Premises costs	866,904	805,759
Legal costs	64,396	93,316
Other support costs	779,310	831,841
Governance costs	41,570	38,890
	4,260,972	3,884,638

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Staff

Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	7,705,479	7,487,405
Social security costs	699,724	668,281
Pension costs	2,461,459	2,196,872
Staff costs - employed	10,866,662	10,352,558
Agency staff costs	118,986	84,262
Staff restructuring costs	15,994	-
	11,001,642	10,436,820
Staff development and other staff-related costs	23,652	22,573
Total staff expenditure	11,025,294	10,459,393
Staff restructuring costs comprise:		
Redundancy payments	15,994	-

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,000 (2020: £nil). Individually, the payment was £12,000.

Staff numbers

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

	2021 Number	2020 Number
Teachers	130	132
Administration and support	233	239
Management	3	3
	366	374

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Staff (Continued)

Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	5	4
£70,001 - £80,000	1	2
£80,001 - £90,000	2	2
£90,001 - £100,000	1	-

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 £1,031,685 (2020: £987,933).

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:

	2021 £	2020 £
Wyndham Primary School	48,074	45,882
Stocksfield Avenue Primary School	90,052	87,142
Farne Primary School	53,549	51,058
Cheviot Primary School	57,403	56,269
Mountfield Primary School	48,705	47,590
Kenton Bar Primary School	72,215	64,786
Kingston Park Primary School	81,195	79,520
North Fawdon Primary School	47,165	48,266
	<u>498,358</u>	<u>480,513</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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 £92,624 (2020: £87,434) and pension contributions paid by the Academy Trust in the year of £21,933 (2020: £20,682).

During the period ended 31 August 2021, travel and subsistence expenses totalling £94 (2020: £728) were reimbursed or paid directly to 1 Trustee (2020: 2).

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 2020 and at 31 August 2021	53,941
Amortisation	
At 1 September 2020	41,355
Charge for year	10,788
At 31 August 2021	52,143
Carrying amount	
At 31 August 2021	1,798
At 31 August 2020	12,586

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

	Freehold buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2020	13,446,906	263,162	462,304	14,172,372
Additions	1,716,374	147,318	106,020	1,969,712
Disposals	-	(8,682)	(1,130)	(9,812)
At 31 August 2021	15,163,280	401,798	567,194	16,132,272
Depreciation				
At 1 September 2020	610,484	195,761	157,080	963,325
On disposals	-	(200)	(1,130)	(1,330)
Charge for the year	289,773	59,779	108,193	457,745
At 31 August 2021	900,257	255,340	264,143	1,419,740
Net book value				
At 31 August 2021	14,263,023	146,458	303,051	14,712,532
At 31 August 2020	12,836,422	67,401	305,224	13,209,047

15 Debtors

	2021 £	2020 £
Trade debtors	98,808	1,528
VAT recoverable	127,544	226,011
Prepayments and accrued income	1,445,407	1,267,115
	1,671,759	1,494,654

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Other loans	55,534	30,724
Trade creditors	467,746	1,020,425
Other taxation and social security	165,124	160,361
Other creditors	191,796	186,583
Accruals and deferred income (see note 18)	986,054	821,496
	1,866,254	2,219,589

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

17 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Other loans	611,389	212,967
	<u>611,389</u>	<u>212,967</u>
Analysis of loans	2021	2020
	£	£
Not wholly repayable within five years other than by instalments:	666,923	243,691
Less: included in current liabilities	(55,534)	(30,724)
	<u>611,389</u>	<u>212,967</u>
Amounts included above	611,389	212,967
	<u>611,389</u>	<u>212,967</u>
Instalments not due within five years	322,843	185,895
	<u>322,843</u>	<u>185,895</u>
Loan maturity		
Debt due in one year or less	55,534	30,724
Due in more than one year but not more than two years	73,148	30,724
Due in more than two years but not more than five years	215,397	92,173
Due in more than five years	322,844	90,070
	<u>666,923</u>	<u>243,691</u>
	<u>666,923</u>	<u>243,691</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

	2021	2020
	£	£
Deferred income is included within:		
Creditors due within one year	472,230	298,013
	<u>472,230</u>	<u>298,013</u>
Deferred income at 1 September 2020	298,013	345,784
Released from previous years	(298,013)	(345,784)
Resources deferred in the year	472,230	298,013
	<u>472,230</u>	<u>298,013</u>
Deferred income at 31 August 2021	472,230	298,013
	<u>472,230</u>	<u>298,013</u>

At the reporting date, the Academy Trust was holding funds received in advance for early years funding, free school meals, rates relief and Covid 19 catch up.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	532,903	9,521,719	(8,946,185)	(37,210)	1,071,227
Other DfE / ESFA grants	-	2,222,052	(2,222,052)	-	-
Other government grants	-	1,394,433	(1,394,433)	-	-
Other restricted funds	-	5,312	(5,312)	-	-
Pension reserve	(8,964,000)	-	(868,000)	68,000	(9,764,000)
	<u>(8,431,097)</u>	<u>13,143,516</u>	<u>(13,435,982)</u>	<u>30,790</u>	<u>(8,692,773)</u>
Restricted fixed asset funds					
Inherited on conversion	7,274,512	-	(168,599)	-	7,105,913
DfE group capital grants	2,676,508	1,700,876	(191,626)	(423,232)	3,762,526
Capital expenditure from GAG	290,904	-	(12,269)	460,442	739,077
Donated fixed assets	3,450,000	125,900	(95,839)	-	3,480,061
	<u>13,691,924</u>	<u>1,826,776</u>	<u>(468,333)</u>	<u>37,210</u>	<u>15,087,577</u>
Total restricted funds	<u>5,260,827</u>	<u>14,970,292</u>	<u>(13,904,315)</u>	<u>68,000</u>	<u>6,394,804</u>
Unrestricted funds					
General funds	<u>756,249</u>	<u>233,923</u>	<u>(218,326)</u>	<u>-</u>	<u>771,846</u>
Total funds	<u>6,017,076</u>	<u>15,204,215</u>	<u>(14,122,641)</u>	<u>68,000</u>	<u>7,166,650</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 2021.

Other DfE/ESFA grants

Other DfE/ESFA grants comprise pupil premium targeted at disadvantaged pupils, free school meals income, teachers pay and pension grants 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 Trust restricted reserves.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds (Continued)

Funds prior year

	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					
Transfer 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 2021

19 Funds (Continued)

Total funds analysis by academy

	2021	2020
	£	£
Fund balances at 31 August 2021 were allocated as follows:		
Wyndham Primary School	93,900	66,925
Stocksfield Avenue Primary School	589,927	502,244
Farne Primary School	275,272	105,772
Cheviot Primary School	274,740	173,799
Mountfield Primary School	118,927	87,236
Kenton Bar Primary School	214,778	82,906
Kingston Park Primary School	280,748	262,742
North Fawdon Primary School	135,396	141,327
Central services	(140,615)	(133,799)
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	1,843,073	1,289,152
	<hr/>	<hr/>
Restricted fixed asset fund	15,087,577	13,691,924
Pension reserve	(9,764,000)	(8,964,000)
	<hr/>	<hr/>
Total funds	<u>7,166,650</u>	<u>6,017,076</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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 2021	Total 2020
	£	£	£	£	£	£
Wyndham Primary School	786,671	141,095	36,330	221,150	1,185,246	1,125,334
Stocksfield Avenue Primary School	1,450,713	148,792	69,855	500,745	2,170,105	2,118,615
Farne Primary School	802,675	128,989	68,942	198,301	1,198,907	1,226,895
Cheviot Primary School	1,088,325	154,282	64,528	275,601	1,582,736	1,546,145
Mountfield Primary School	888,332	83,640	36,240	255,466	1,263,678	1,281,611
Kenton Bar Primary School	1,318,605	146,955	48,507	274,130	1,788,197	1,748,169
Kingston Park Primary School	1,551,937	248,384	64,775	377,422	2,242,518	2,133,452
North Fawdon Primary School	809,846	131,471	113,953	252,185	1,307,455	1,212,660
Central services	35,736	388,846	28,036	93,206	545,824	566,099
	<u>8,732,840</u>	<u>1,572,454</u>	<u>531,166</u>	<u>2,448,206</u>	<u>13,284,666</u>	<u>12,958,980</u>

20 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2021 are represented by:				
Intangible fixed assets	-	-	1,798	1,798
Tangible fixed assets	-	-	14,712,532	14,712,532
Current assets	771,846	2,725,843	1,196,274	4,693,963
Creditors falling due within one year	-	(1,654,616)	(211,638)	(1,866,254)
Creditors falling due after one year	-	-	(611,389)	(611,389)
Defined benefit pension liability	-	(9,764,000)	-	(9,764,000)
Total net assets	<u>771,846</u>	<u>(8,692,773)</u>	<u>15,087,577</u>	<u>7,166,650</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Analysis of net assets between funds (Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	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	756,249	(8,431,097)	13,691,924	6,017,076

21 Capital commitments

	2021 £	2020 £
Expenditure contracted for but not provided in the financial statements	1,474,252	831,845

22 Long-term commitments, including operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	189,618	183,266
Amounts due between one and five years	583,689	565,744
Amounts due after five years	972,020	1,127,040
	1,745,327	1,876,050

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	1,081,574	3,768,151
Adjusted for:		
Capital grants from DfE and other capital income	(1,826,776)	(5,073,692)
Interest receivable	(535)	(1,254)
Interest payable	688	-
Defined benefit pension scheme costs less contributions payable	720,000	492,000
Defined benefit pension scheme finance cost	148,000	105,000
Depreciation and impairment of tangible fixed assets	457,745	1,080,441
Amortisation of intangible fixed assets	10,788	10,788
Profit on disposal of fixed assets	(200)	-
Movements in working capital:		
Decrease in debtors	79,272	94,762
(Decrease)/increase in creditors	(433,413)	220,885
Net cash provided by operating activities	237,143	697,081

24 Analysis of changes in net funds

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash	2,697,345	324,859	3,022,204
Loans falling due within one year	(30,724)	(24,810)	(55,534)
Loans falling due after more than one year	(212,967)	(398,422)	(611,389)
	2,453,654	(98,373)	2,355,281

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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 £190,576 (2020: £185,354) were payable to the schemes at 31 August 2021 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 £1,132,459 (2020: £1,096,872).

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 2021

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 0.0% for employers and 0.0% 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	2021 £	2020 £
Employer's contributions	609,000	608,000
Employees' contributions	158,000	146,000
Total contributions	<u>767,000</u>	<u>754,000</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 2021 by a qualified independent actuary.

	2021 %	2020 %
Rate of increase in salaries	4.1	3.8
Rate of increase for pensions in payment/inflation	2.6	2.3
Discount rate for scheme liabilities	1.7	1.7
Inflation assumption (CPI)	<u>2.6</u>	<u>2.3</u>

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

	2021 Years	2020 Years
Retiring today		
- Males	21.9	21.8
- Females	25.1	25.0
Retiring in 20 years		
- Males	23.6	23.5
- Females	<u>26.9</u>	<u>26.8</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

26 Pension and similar obligations (Continued)

The Academy Trust's share of the assets in the scheme	2021 Fair value £	2020 Fair value £
Equities	5,085,000	3,891,000
Government bonds	192,000	175,000
Corporate bonds	1,839,000	1,665,000
Cash	366,000	138,000
Property	732,000	669,000
Other assets	933,000	734,000
Total fair value of assets	<u>9,147,000</u>	<u>7,272,000</u>

The actual return on scheme assets was £1,332,000 (2020: £846,000).

Amount recognised in the statement of financial activities	2021 £	2020 £
Current service cost	1,329,000	1,100,000
Net interest cost	148,000	105,000
Total operating charge	<u>1,477,000</u>	<u>1,205,000</u>

Changes in the present value of defined benefit obligations	2021 £
At 1 September 2020	16,236,000
Current service cost	1,329,000
Interest cost	276,000
Employee contributions	158,000
Actuarial loss	1,136,000
Benefits paid	(224,000)
At 31 August 2021	<u>18,911,000</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

26 Pension and similar obligations (Continued)

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

	2021 £
At 1 September 2020	7,272,000
Interest income	128,000
Return on plan assets (excluding net interest on the net defined pension liability)	1,204,000
Employer contributions	609,000
Employee contributions	158,000
Benefits paid	(224,000)
	<hr/>
At 31 August 2021	9,147,000
	<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.