

Company Registration Number: 10257723 (England & Wales)

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

ArmstrongWatson[®]

Accountants, Business & Financial Advisers



SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	C A Christie C Foster (resigned 7 December 2022) D Williams (resigned 7 December 2022) I Bell K Hofbeck M Thomas N C D'cruz (appointed 18 February 2023)
Trustees	C A Christie, Chair of Trustees A R Keenleyside, Vice Chair & Chair of Performance and Curriculum J Quinn, Chair of Finance Audit and Risk M A Anderson L J Bell (appointed 14 March 2023) E P McBride (appointed 8 June 2023) V A McDonald (appointed 25 May 2023)
Company registered number	10257723
Company name	Smart Multi Academy Trust
Principal and registered office	Wyndham Primary School Montagu Avenue Newcastle upon Tyne NE3 4SB
Company secretary	A C Robinson
Senior management team	C A Lofthouse, CEO and Accounting Officer A C Robinson, Director of Business & Finance C Shield, Headteacher (retired 31 August 2023) D Lynch, Headteacher E Boardman, Headteacher E Elliot, Headteacher G Halliford, Head of School J Evans, Headteacher L Gallon, Executive Headteacher R Cleary, Headteacher
Independent auditor	Armstrong Watson Audit Limited Chartered Accountants First Floor One Strawberry Lane Newcastle Upon Tyne Northumberland NE1 4BX

SMART MULTI ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the audited financial statements of the Academy for the year 1 September 2022 to 31 August 2023. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The Academy Trust operates eight primary academies in Newcastle upon Tyne. Its academies have a current combined pupil capacity of 2,510 and had a roll of 2,309 in June 2023, showing a small increase from the June 2022 census (2,296 pupils).

Structure, governance and management

a. 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 which were updated and formally re-approved on 26 September 2022 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.

b. 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.

c. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

d. 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.

In previous years most Trustees were recruited using the Academy Ambassadors programme which has now ended. The programme proved effective in identifying candidates responding to the characteristics the Trust has identified as desirable and/or essential. Now and in future the Trust recruits Trustees through use of already well-established alternatives including introductions to recommended individuals. To date the processes used have identified high quality candidates but the process remains subject to continuing review. The strong candidate review process with Trustees and Members is the fixed component of the Trust's approach.

e. Policies adopted for the induction and training of Trustees

Three 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 and Governance Officer 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, Academy Trust 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 Trustee has been supported in their first period in office. The Welcome Pack and Code of Conduct for Governance (covering Members, Trustees and Local Governors) emphasise the importance of the Nolan Principles for standards in public life underpinning the governance practice of the Trust.

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.

f. 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.

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 (2022-2023 Trust Board met 8 times). The Board of Trustees are supported by two principal committees; the Performance and Curriculum Committee, and the Finance, Audit and Risk Committee, both of which meet at least three times per annum (2022-2023 Finance, Risk and Audit met 7 times and Performance and Curriculum met 5 times). In addition, there is a Performance Management and Staffing Committee, which meets to perform specific delegated functions in relation to senior staff salaries, and a Chairs' Forum which meets at least termly for Trustees to meet with Chairs and Vice Chairs of Local Governing Boards. During 2022-2023, a Task & Finish Committee reviewed Admissions Policy, and the Appeals Committee was not required to meet.

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.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

The scheme of delegation is regularly reviewed and modifications are implemented where necessary. In the current year we have addressed the effective operation of the scheme of delegation updated last year but no major changes have been introduced.

g. 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 Leadership posts across the Academy Trust. The Chief Executive Officer makes recommendations to the Board of Trustees in respect of Executive / Headteachers and the Director of Business and Finance pay having completed performance management reviews. 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 Academy Trust Handbook best practice.

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	3,559
Total pay bill	11,604,556
Percentage of 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	100 %
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

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 we stand for, placing the interests of key stakeholders (pupils, staff, parents, carers and partner organisations) at the centre of policy design and decision making.

Our Joint Consultative Committee continues to provide a useful and open forum for the Trust, our employees and union representatives to discuss the work of the Trust and its future strategy and policy.

The Trust-wide focus on staff wellbeing, brought to the fore during the pandemic, remains retained to ensure employees concerns are listened and responded to. The recent internal audit work undertaken indicates that the staff wellbeing processes within the schools in the Trust reflect good processes and have been well designed. The Trust will always continue to address this area responding also to the suggestions for improvement arising from the audit.

The IT transformation, now complete, continues to bring benefit to communications across the Trust at a range of levels including use of Microsoft Teams. This provides the facility for instant messaging, the ability to provide channels for discussion and sharing good practice to specific interest groups, which has greatly improved the flow of information between the Trust and its employees. The new system is much more secure against cyber-attack and misuse. Staff have expressed satisfaction, and it has made it easier to access data across the Trust, supporting staff mobility and flexibility. It has also future-proofed us for growth and instilled shared best practice.

Following last year's review of HR policies, they remain aligned to the Trust's vision and values and cover all aspects of employee interests. Our consultants in this sector have provided significant help both in developing our processes and in documentation in our recruitment activities during the current year, with 2023/24 focus on creating an improved Induction Pack to better assist new joiners to the Trust.

Those visions and values rightly take full account of the Trust's continuing commitment to equality, diversity and inclusivity which continues to be a significant driver in the choices we make, an emphasis we consider absolutely correct but not always without financial cost.

Full details of these policies are available from the Academy's offices.

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

It remains important to the Academy Trust that we establish and continue to maintain good working relationships with all suppliers to the Trust, especially those in the provision of key services and or advisory support. The Trust, of course, strives to establish and maintain an equally strong working relationship with the primary stakeholders in our efforts, children and their parents/carers, in effect our customers. Having said which, we also do have some commercial customer relationships, albeit minor, for the provision of some consulting services and letting of premises. These too we seek to provide on a clear and transparent basis.

The Trust operates on a formal contract basis for the provision of all services to ensure complete and mutual transparency for all parties around expectations, responsibilities, and obligations. 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 constantly seeks to ensure that value for money is achieved which is aligned closely to the values by which the Trust operates.

The change to our new contract for the provision of ICT Services is now complete. We are pleased with an outcome in line with our expectations for what was our largest contractual effort to date.

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Structure, governance and management (continued)

As part of the Trust's expansion plans, we have completed a sizeable expansion of our Central Team. As a result of this we plan, in the coming year, to increase the attention we dedicate to procurement and supplier management. We believe it is important to execute procurement as well as possible and that this will be even more important to us in the financially challenging period ahead. It will also better support our existing and potential new schools.

In this year we have continued with our new supplier of Human Resources services, expanding their service offering to us in the latter part of the year. This has allowed us to be more effectively proactive in the management of our people, whilst continuing to support their professional development and wellbeing.

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

Our schools continue to 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, out of school holiday activities, preloved uniform sharing, food parcels and family support. We are delighted to see them return to their wider curriculum offers post covid and be busy once again with activities, trips to support learning, performances, outward bound residentials, cross trust sporting and creative events, parties, school events and fairs.

Objectives and activities

a. Objects and aims

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

b. Smart Multi-Academy Trust – Our Vision and Values

Our fundamental vision and values are unchanged in the year.

Our values remain 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 retains its 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 as a global citizen.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and activities (continued)

Statement of Intent

Smart Multi-Academy Trust will fulfil its vision by:

- Building a Trust in which schools seek to continually 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.

The Trust Business Plan 2021-24 sets out the Trust's priorities and future direction. It is a living document in a state of constant review and revision. However, the fundamental values rightly remain unchanged.

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; and
- Undertake well planned and controlled growth to enable the better services and support possibilities which a larger organisation can enable whilst retaining the close collaboration and effective management which a compact organisation facilitates. We are now well progressed with the first steps for new schools joining our Trust and have made significant progress in responding to specific opportunities. On progressing to completion, we would expect the Trust to have increased opportunities, provide greater diversity and the ability to fund greater resources.

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 is under review for subsequent years.

c. 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 again 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.

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TRUSTEES' REPORT (CONTINUED)
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Achievements and performance

a. Annual overview

Business Plan progress and plans for growth

The emphasis on the Covid pandemic has reduced in this year. However, its effects and recovery from them has had a major impact on our activities this year too. Pupil and staff absences through sickness have continued and attendance, which in some schools was always a challenge, has suffered. Strike action has also had some impact. Attendance across the trust improved markedly over the year including a significant reduction in those pupils who are persistently absent. We believe our strategies are correct and that there will be continued improvements next year.

Once again important improvement targets from the business plan have been successfully completed during the year, confirming the strength and growth capacity of the Trust.

Staff development continues to be an area of emphasis using the Trust's staff development matrix as a main support in our process of internal developments. The new systems to identify, nurture and promote talent within the organisation reported on last year have been further developed. Again, they have led to key appointments at senior levels within the organisation being filled from within the Trust. This has enabled seamless transition and a retention of knowledge and experience. Secondments have again enabled staff to broaden their experience by working in other schools with additional responsibilities whilst providing assistance where needed.

Based on our success with the approach to date, we have expanded use of the Executive Headteacher model within the Trust. We have extended this to a further pair of our schools, which from September 2023 will be led by an Executive Headteacher. This not only brings benefits of consistency in provision but also offers increased opportunities for leadership, process and financial efficiencies.

The 2-year Talk for Writing training was completed this year with every teacher and teaching support assistant involved in this aspect of the curriculum trained in the approach. We believe this will have an important effect on the teaching and learning across our schools and the early results are very promising. We continue to direct funding towards the continued development and support of this across our schools.

A refined structure has been established to cover the school improvement groups across the Trust. New collaborative groups between the schools have been set up to address curricular intent, implementation, and impact. The new groups are aimed to effectively further enhance how the objectives in these fields are achieved through a more targeted use of fullest collaboration between our schools. New capacity, drawn from our existing trust expertise, has brought us greater focus.

One area of uncertainty is falling roles in some schools. In some cases, there is known and frequent uncertainty due to high mobility both from refugee and migrant families and local mobility between schools. This was exacerbated during Covid and, as a medium-term result, some cohorts have seen significant changes during their time at our schools. More generally, there appears to be some decline in numbers across the catchment areas which we shall need to continue to monitor and possibly act upon in the coming year.

Consequently, although the building programme at Kingston Park Primary School is largely now complete, the opening of the expanded three form entry has been further delayed until 2026. This has been decided at the request of Newcastle City Council, who are funding the build cost. The decision will, of course, be regularly and jointly reviewed if the role numbers do increase more quickly than currently expected.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Achievements and performance (continued)

A significant amount of attention has been dedicated to the planned and expected growth of the number of schools in the Trust. Four schools have formally applied to join the trust and we are in the process of working with them to ensure that we shall be able to deliver the benefits envisaged both for the school and the Trust. The Regional Director of the DfE has "approved to join" two of the schools and we look forward to progressing with the others.

Until this activity of planning and due diligence is completed the growth remains subject to confirmation. However, we strongly believe it represents an exciting step forward for Smart. With a larger Trust we should be able to better plan investment in our estates, stabilise better some aspects of our finances and, through collaboration, offer a higher quality curriculum.

The trust has established a formal partnership agreement with a fifth school. This again, is positive, although the medium-term plan very clearly remains to contain growth to what we see as manageable levels.

Trust estate improvements

Following recent substantial investment in our estates, the need to manage this more proactively going forward combined with the Trust's current growth plans, led us to believe greater investment should be dedicated to effective estate management and the required investment. We have appointed an experienced professional to the role of Trust Health & Safety and Estates Manager, with effect from July 2023.

The new role allows us to better assess the works we need to undertake, their urgency and the management of the resulting projects in an agreed priority schedule. This also helps us align more closely to the updated DfE guidance on Good Estates Management for Schools.

Those projects identified as a key priority will be undertaken during 2023/24 using Reserves to fund the necessary works, with an estimate of up to £500k investment during the year on those essential work. The planned expansion of the number of schools in our Trust also potentially brings with it capital projects and risk to our Reserves that we shall need to address.

As reported above the construction project at Kingston Park Primary is now completed and has provided an excellent purpose-built Early Years unit, which was handed over in February 2023, plus a fully remodelled and refurbished existing building completed at the end of summer 2023.

The Trust did not apply for any CIF (Condition Improvement Funds) funding this year, in part taking account of the level of investment achieved and the resulting ongoing contribution from Reserves. We will consider future applications for CIF investment.

We have received planning permission for conversion/extension of the former caretaker's house at Mountfield Primary Academy into new central offices for the Trust. There is a relatively urgent requirement for this project as the current facilities at Wyndham Primary Academy are now constrained, currently delayed due to concerns over value for money.

Budget uncertainty during 2022/23, largely due to uncertain pay negotiation outcome at national level and the degree to which it will be funded, has necessitated a more cautious approach in the funding of projects relating to our buildings. Some projects have been delayed more than we would have liked but financial prudence has been essential. However, this has not been and will not be at the cost of health and safety considerations which remain our absolute priority. It is likely caution will continue to be needed, but where appropriate, the Trust will continue very actively to seek to secure funding for necessary works and utilise Reserves during 2023/24 for key priority projects.

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TRUSTEES' REPORT (CONTINUED)
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Achievements and performance (continued)

School performance and improvement

No Trust schools have been inspected in the year just completed and all the Smart schools are currently rated as 'good' by Ofsted from their most recent inspections.

The majority of the Trust's schools have challenging contexts with very high embedded disadvantage and some in particular with high mobility which needs to be understood in relation to the outcomes and work is being undertaken to clarify the impact of this at Smart schools regarding pupil outcomes. School Improvement Partner (SIP) reporting has indicated that a continuing focus on reading, as well as the development of maths mastery is required. Conversations regarding these outcomes will feed into the SIP monitoring for next academic year. The Performance and Curriculum committee will continue our analysis of the results and, as always, we shall support improvement. This will include particular attention to context, SEND and mobility data.

Important developments have strengthened the Trust's school improvement offer. An additional part-time post will see a successful school leader join the central team. This will provide oversight and leadership for the Trust's Maths, Reading and Writing improvement groups and will focus the trust support where it is needed. Targeting more forensically will help Smart to address issues more quickly.

As indicated in the paragraph on business plan growth, the Curriculum group is being split into three; an Intent Group, covering the wider curriculum offer, an Implementation Group which will focus on pedagogical development and an Impact Group, which will focus on assessment practice and data analysis.

Following the Covid-19 pandemic formal assessments are essentially back to normal but the outcomes continue to reflect some, sometimes significant, effects of the pandemic. Trust data for outcomes for 2022-3 shows a huge amount of variation in the performance across schools, year groups and different pupil groups revealing the continued impact of interrupted staffing and, more significantly, attendance for pupils. It remains difficult to draw firm conclusions or trends from the data set for this year. However, it has helped us to bring continued focus on pupil progress as well as how it informs school development plans and monitoring and evaluation.

Continued improvements in the rigour and quality of local governing body monitoring of the quality of education are adding to the Trust's picture of school improvement.

Early Years Foundation Stage Profile for the proportion of pupils reaching a good level of development is 62.1% which is marginally lower than the previous year (63.9% 2022). It continues to be a marked improvement over 2021 (56.8% 2021) but is still not yet back to pre-pandemic levels. The youngest children have been disproportionately affected by Covid, resulting in some having very low starting points. Many of the 2023 Reception cohort again having missed part or delayed their nursery education. This was reflected nationally with the percentage reaching The Good Level of Development (GLD) at 65.2% (2022).

Phonics results in Year 1 have improved this year to 70.1% across the Trust meeting the pass mark (63.3% in 2022) but still below the national average. The proportion of pupils reaching the pass mark when re-sitting the phonic check fell this year to 77.9% whereas the figure a year ago was 83.8%. This is an issue that Trustees have identified as an area of concern.

KS1 attainments are again variable across the Trust and lag behind National Averages at the expected standard. Reading 58% (national 68%), Writing 50% (national 60%) and Maths 62% (national 70%).

The numbers show little improvement from last year and in their detailed variability reflect the issues previously identified. Evidence from SIP reports indicates that these results will improve for next year.

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TRUSTEES' REPORT (CONTINUED)
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Achievements and performance (continued)

In KS2 pupils continue to show attainment results closer to the National Average. This suggests that older pupils have been able to overcome some of the effects disadvantage has exacerbated with younger pupils. Reading is the area most improved with the Trust close to National Average. Writing shows big gains across our schools. Maths is more mixed falling below the National Average for the first time but with big gains in some schools. At the expected standard, the reduction is less pronounced than in KS1 and, but still marginally below national averages. Reading 71.5% (national 73%), Writing 67% (71% national), Maths 69% (national 73%) and GPS 69% (national 72%). Combined Reading Writing Maths at expected standard were 55% (national 59%).

Interpreting and drawing conclusions from the data, at least in part affected by Covid absence and its aftermath is clearly highly complex. Not all schools have been affected to the same extent. In particular the pandemic and the effect of strikes have had a continuing effect on attendance and this has, we believe, had a significant effect on some results. We are having some success in recovering from this challenge and the Trust will continue to make every possible effort in the coming years to support pupils in regaining lost knowledge.

At the end of the year the DfE Regional Director approved the Trust's request to make a significant change to North Fawdon Primary School by changing the ARP designation from Social Emotional and Mental Health to supporting children with communication and interaction difficulties; with effect from 1 September 2023. The closure of the SEMH ARP at Cheviot, requested by the Local Authority as part of their overall plans for the sector, was also confirmed.

b. Going concern

The Trustees continue to regularly assess whether the use of going concern is appropriate, that is, 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 reasonable operating surplus for the financial year of £128k before depreciation, capital additions and the local government pension fund costs. That operating surplus reflects some savings through deferral of projects and teacher strikes. However, it also reflects significant investment in school improvement and estates infrastructure during the year. Trustees are satisfied that continuing careful management of our resources in uncertain and challenging circumstances enables us to remain financially strong.

Activities and consulting costs relating to our planned growth projects have led to a number of costs which we do not expect to repeat in subsequent years. Despite the uncertainty throughout the year, generated by the national staff salary negotiations and funding, we have been able to manage our way without significantly compromising our commitment to the Trust's educational purposes. In particular, to date, we have avoided what we would regard as damaging changes to our staffing. We have, however, delayed some estate improvement projects. This has only been done where we were satisfied there were no health and safety concerns but nonetheless the total is less than we would have hoped to implement.

The 23/24 three-year Budget is both more challenging and more uncertain. Inflation continues to increase our costs and, although national pay disputes are now resolved, there are substantial new pressures of unfunded pay awards for both teachers and support staff, which together with concerns over the future DfE funding, creates much additional new financial uncertainty for future years. In addition, there is also some unknown from growth opportunities for which we are undertaking planning and due diligence.

The Trust has excluded the possible new schools from the budget submitted to the ESFA. Our current assessment is that the new schools would have a more or less neutral effect, particularly in the short term. Going forward, there are some opportunities mainly coming from the possibilities that our larger size would enable such as School Capital Allocation Grants. To this must be added some risks, in particular premises/estates that we shall need to carefully assess before making final commitments. Overall, we are confident that with strong and careful management we can move forward with the expansion without taking undue risks in relation the Trust's going concern status.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Achievements and performance (continued)

Within the existing scope of the Trust, there are two further areas of concern, our costs relating to Special Educational Needs and falling roles at several of our schools.

With regard to Special Educational Needs (SEN), we have been working with Newcastle City Council with significant positive progress already achieved collaboratively, however, the rapidly increasing demand SEN support for our children against an ever-strained funding provision does give cause for concern as funding is already currently less than the cost of provision. We are continuing to review and carefully monitor this area. We remain optimistic that we can continue to manage this provision.

Numbers on roll are falling at several of our schools, reflecting a general situation across the Newcastle City Council area and a national trend of lower primary school age pupils. In part, it reflects that some parents wish to position their children to facilitate entry to specific secondary schools. Whilst these phenomena are largely out of the Trust's control, they are a source of concern and, should the situation worsen, we shall be forced to consider what action to take. In the meanwhile, we are increasing our marketing actions (website, nurseries, engagement with parents/carers and other stakeholders) and are hopeful of some recovery. In addition, the gradual return of overseas university students has already resulted in some recovery in numbers during the year just completed. Again, we shall actively monitor the situation and take action if and when necessary. One result of this is that it has been decided, at the request of Newcastle City Council, to delay the opening of the recent expanded facilities at Kingston Park Primary.

As noted previously, 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. The plan is closely aligned to the Strategy and Vision and Values of the Trust. This gives due consideration to changes in staffing cost, IT and premises infrastructure investment required, as well as those opportunities the Trust wishes to address. 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. Sensitivity analysis is undertaken with regard to possible variances and action plans to avoid/minimise or maximise, as appropriate, are prepared to ensure continued strong financial performance of the Trust. Cash flow and premises investment needs/plans form an integral part of this three-year budget process.

Achievement of the Trust's Business Plan remains sensitive to changes in DfE funding for education. This funding is related to pupil numbers, so we also have concerns relating to decreasing pupil numbers outlined above. However, we are aware of the risks the Trust faces and shall continue to take vigorous management action where necessary.

The Trust continues to hold a strong balance sheet, with net assets of £17,579k (2022: £14,959k) including our most valuable assets of land and buildings. Capital additions during the year total £1,815k including the donated asset of Kingston Park new Early Years building at £1.7 million. Trust led fixed asset investment this year has been rather more limited at £100k, however this is supplemented by a further £200k of investment funded from operating budgets. 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. We anticipate further investment in our infrastructure of £600k over the next 12 to 18 months funded from our Reserves balances.

The balance sheet is notably impacted by the Local Government Defined Pension Scheme Liability which has improved in comparison to prior years; this is mainly driven by the financial actuarial gains. The overall balance sheet has importantly, however, improved substantially for the second consecutive year.

The Trust fully expects to benefit from operational efficiencies in future years as we lever benefits from better cross Trust working, work to realise benefits of our proposed expansion and continue to improve the level of value add we can create.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Achievements and performance (continued)

The Trust also maintains a healthy cash balance of £3,501k (2022: £3,217k) alongside a sizeable maintained Unrestricted Reserves balance of £899k (2022: £814k). Whilst collectively this 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.

Collectively the Trust is able to manage the challenges we see including unfunded staff inflationary salary reviews and other cost increases in the short term. We shall ensure this also applies to the schools we would include in any expansion we may conclude. However, we recognise we may be forced to consider a reduction in staffing, our largest category of spend. This may happen, if DfE funding continues to fail to keep pace with those cost increases over which they exert influence or if pupil numbers fall more quickly. This is certainly not immediate but would be an unwelcome move for the Trust and, if necessary, would raise inevitable concerns around our ability to continue to provide the good quality of education and good staff retention to which we aspire.

The Trustees have given due consideration to the risks faced, the management of challenges to date, 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.

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TRUSTEES' REPORT (CONTINUED)
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Achievements and performance (continued)

c. Promoting the success of the company

As before and as, in part, indicated above, these requirements are very 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, remains the overarching focus of our endeavours and this vision is what we seek to promote to all our stakeholders. We are, in particular, once again extremely grateful for the continued invaluable support that our parents and carers give to our schools, particularly during another a difficult year for so many.

In summary our promotional efforts can be considered as follows:

- **Long term consequences:** Prudent management of any enterprise requires addressing both short- and longer-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. Continuing discussions with the Newcastle City Council regarding the viability of some aspects of special needs provision and considering the future of the expanded facilities of Kingston Park Academy are current examples of this kind of activity.
- **Employees:** The Trust's employees are always fundamental to our success and we are very proud of our team. Due care of their welfare, motivation and development is always key to our future. We seek to monitor wellbeing both through surveys and, this last year, through internal audit activity.
- **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 continued to seek to improve our purchasing and contracting arrangements and intend with new staffing to improve this further in the coming year.
- **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. It is important in our efforts to encourage full attendance. And more generally we are pleased to have been able to welcome our families and communities back into our schools again more fully for regular events or on a volunteer basis both of which add great value to our children.
- **Our 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, increasingly seek to operate in an environmentally conscious way. We have been very actively using the Energy Efficiency grants obtained to provide increased insulation, replacement external doors, energy efficient equipment/lighting and other improvements. The number of solar panels has also increased during the year.
- **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 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2023 total income, excluding Restricted Fixed Asset Grant funding, was £15,259k (2022: £14,199k), from which the Trust has generated an overall operating surplus of £128k before depreciation charges, capital additions and local government pension fund costs (2022: £495k; underlying £208k). In part the drop in the operating surplus this year has been generated through qualifying capital expenditure last year as planned smaller projects were accelerated/widened to maximise value and meet emerging needs. However, this year has also seen greater and possibly continuing operating pressures as illustrated below.

Spend on infrastructure is always an important budget consideration and our learning environment has benefited from circa £200k of improvements funded from our operating budgets, plus a further £1,800k of capital investment in the year. The Energy Efficiency Grant income recognised in the year has also facilitated a further investment of £95k in our estate, with future energy savings to be realised as a result.

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Long term staff sickness absence continued to place significant pressure on our schools and underlying staffing costs in the year are 9% higher than last year driven by national inflationary pay awards that largely need to be funded within our budgets. Recruitment into support roles has continued to be a challenge in a difficult marketplace and perceived challenges of school roles, particularly with consideration to substantially increasing SEN support needs. Recruitment pressures is a sector and national challenge, but we have worked hard to ensure all key new hires were fulfilled using alternative methods with success, although incurring £38k of recruitment costs during the year. We have in place the majority of staff we need and their wellbeing remains one of our key priorities. Retention of appropriately qualified staff within the sector is likely to continue to generate significant cost in the future as the largest single cost category for the Trust.

During the year, the Trust has benefitted from £130k of Maintained Schools Additional grant income and £442k of Schools Supplementary grant income, collectively £120k over budget, which has offset part of the unfunded pay awards impact during 2022/23, enabling additional support to our children as they continue the long journey to recover lost education time. The Trust continues to fund this investment, particularly circa £70k of School Led Tutoring provision and a further £85k of Pupil Counselling, Literacy improvement support and Special Educational Needs support to our children. Whilst there are very tangible benefits of this investment from school base budgets, the growing need for support will place future pressures on our schools to continue to fund, particularly against the backdrop of significant increases in staffing and other costs.

However, positively the underlying trend of operational financial performance continues to strengthen year on year, benefiting from improvements in procurement and financial control/visibility and cross-school resourcing.

During 2023 restructuring costs totalling £50k were incurred (2022: £10k).

Total income for the year was £17,063k (2022: £14,353k) including an increase in capital grants of £1,649k to £1,804k reflecting the donated Fixed Assets at Kingston Park Primary of £1,747k. The Trust has this year committed a further £100k from Reserves towards investment in our educational settings.

The Trust will continue to seek operational efficiencies from which it will benefit in future years.

Cash balances remain strong for the Trust £3,501k (2022: £3,217k), including £114k of Support Staff 2023 inflationary pay awards unpaid at the year-end pending union agreement. The balance on hand includes £508k on medium term deposit, recently increased to £2m, facilitating improved 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. Those strong cash balances will also enable informed and unhurried future decisions, particularly in the light of possible challenging future situations including the effects of currently sharply rising staffing and other costs.

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 2023, was that the level of Reserves not tied up in fixed assets and excluding Defined Benefit Pension balances is £2,137k (2022: £1,928k).

The Trustees have reviewed the Reserves Policy and are confident that there is a sufficient level of reserves to meet current operating needs.

The Trust has committed to undertake an SRMA review during December 2023, which will add further depth to our future decision making.

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TRUSTEES' REPORT (CONTINUED)
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a. 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 currently sets a fixed minimum amount, currently £20k, that each school should add to its reserves balance each year in addition to the amount required to meet CIF/Salix capital investment contributions. However, there can be exceptions to this policy by agreed exception supported by investment project expenditure and/or a recovery plan to reposition any operating deficit that may arise.

Reserves (being restricted income and unrestricted income funds) at 31 August 2023 are £2,137k (2022: £1,928k), have increased as hoped during the year partly due to good financial controls and considered decision making. However, as per the Going Concern view above, unbudgeted and unfunded staff inflationary pay awards and other escalating costs during 2023/24 could have a substantial adverse effect on Reserves.

We will use Reserves in the short term to fund the expansion of the central team to improve support to our existing schools and facilitate the expansion of the number of schools within the Trust, with circa £500k of Reserves expected to be utilised within the next 12 to 18 months. In addition, we are willing to use Reserves in the short term to avoid reduction in staffing which would detrimentally impact the quality of education we provide. Further, whilst we have addressed a commendable level of infrastructure improvements, 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.

In this context it should be noted that the planned expansion is expected to give the Trust access to Schools Capital Allocation grants which should significantly help the exposure of our Reserves and in year operational budgets for capital and smaller, but nonetheless necessary, infrastructure projects.

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 or potential 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 will continue.

The Trust has liabilities in relation to the Local Government Pension Scheme (LGPS) which is a funded defined benefit pension scheme (see note 29). 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. The triannual review of the pension scheme completed during 2023 recommending no change to employer contributions rates.

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The Trust currently holds Free Reserves (Total funds less amounts held in fixed assets and restricted funds) of £899k (2022: £814k) and has sound budgets in place. Whilst there are some minor income generation opportunities which we do exploit, the largest component of the Trust's operating expenses continues to be incurred in the provision of educational services, funded directly by the DfE. In this context, the Trustees are confident that despite the undoubted uncertainties about both income and expenditure, the current level of Free Reserves is adequate to allow general operating expenses for an adequate 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.

b. 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. In accordance with our policy, we have recently increased amounts held on deposit to increase investment income.

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

Trustees consider the policy still be robust following its review in December 2022.

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c. 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.

In the past year significant work has been put into strengthening systems for the management of all categories of risk facing our Trust. This has notably improved our ability to identify, implement mitigation and monitor progress regarding risk at all levels in the organisation. Effective management of the Trust's risks is the role of the Executive. However, the Trustees routinely examine risks and for each of the 17 major strategic areas one Trustee has accepted a lead role in monitoring that the risk is being adequately addressed and, if needed, would provide support.

It is likely the risks faced will change over time and this is monitored. The degree of criticality of the risks also changes.

Key strategic risks facing the Trust are:

- Pupil numbers — this continues to be an active concern; following a period where a bulge in population growth benefited primary schools the current picture is for lower numbers coming into schools at Nursery and Early Years. This together with pressures coming from pupils leaving some Trust schools where local secondary education is thought not good enough means there is pressure on sustainable pupil numbers in some schools.
- 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. The Trust has recently employed a Health and Safety Estates Manager who will take responsibility for our plans and implementation activities in this sector in line with its increasing importance as the Trust grows.
- Trust Growth — Growth opportunities have become a reality. At year end the Trust is in a phase of due diligence with two more schools and there are other potential joiners in active planning stages. There is a wide range of risks which the Trust must carefully assess before commitment and manage once arrangements are finalised. They include the estates, education and finances of the new schools as well as the management effort the Trust will need to ensure their integration without compromise to existing Trust activities.
- Unfunded cost rises — We continue to expect a significant rise in staffing costs due to 2023 inflationary pay awards that also create upward cost pressure for future years. For context, most of our employees are much valued Support Staff, the vast majority of whom will have been awarded an average inflationary increase of 17.5% since April 2022, all of which has to be funded from within budgets. At the time of writing some additional funding for the 2023 Teacher & Leader Inflationary pay award has been announced, but this leaves us with a circa £100k shortfall in funding to seek to absorb from budgets and/or Reserves. Other costs also rise with inflation, some of which we can avoid in the short term due to contractual commitments. ARP funding continues to fall short of the expenditure and the increased pupil need for additional Special Educational Needs is a notable concern and risk to us. Whilst our Reserves allow us to continue to await the evolution of this situation, it remains a key risk to monitor for which we may at some point need to take action.
- Lower funding from DfE for future years in general and based on the recently announced funding calculation error gives cause for concern and is considered a notable new risk.
- Increase in the Teacher Employer Pension contribution from April 2024 is an additional new risk as related funding is unclear to offset a substantial incremental cost.

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d. Financial and Risk Management objectives and policies

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

The Board of Trustees have maintained a clear 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; and
- 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 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.

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e. KPIs

The Trust collects a set of key performance indicators, some designed to provide a reflection on its degree of success in its strategic objectives and some designed to provide management with information on where to investigate further or take action in order to improve performance or deal with problems.

We are currently reviewing these KPIs using concepts such as the Balanced Scorecard for the assessment of strategic progress taking account of the objectives in the Trust's business plan. The objective is to identify a sufficient but not excessive set of short and long term indicators which will assist management at levels from the Trustees downwards to carry out their functions.

Regular management accounts provide the provide financial information that is key to Trustees and the Executive. Within that the level of staff costs as a percentage of total expenditure remains an important benchmark as the single largest category of our operating costs, which we measure and plan carefully. For the year ended 31 August 2023, staff costs amounted to 72.1%/£11,603k of total costs (2022: 75.7%/£11,504k) and this includes £68k of FRS102 LGPS costs (2022: £909k). Excluding the FRS102 adjustment, staffing costs account for 72.3% of total costs (2022: 74.2%) of total cost of the Academy Trust Operation. These figures include both supply cost, any staff restructure costs and the costs of the central team. The Trust also monitors staffing profiles and related cost per school and by Key Stage as well as, where possible, benchmarking against other trusts.

A second key financial indicator is the number of individual schools which have met the requirements of the Board of Trustees in terms of expected improvements to levels of reserves balances at the end of the financial year, and this applied in five of our eight schools (2022: six schools). As previously highlighted, although reductions in Reserves that we feared for this past year did not occur at the levels expected, in part because of decisions to delay some projects, we expect Reserves balances held to be at some risk in 2024. This is because of the possible need to absorb partly funded pay awards and increased costs, plus further essential infrastructure investment projects and possible short term demands from the Trust's expansion.

Tracking school performance through outcomes, particularly groups of pupils most affected by Covid, disadvantaged and vulnerable learners is back in focus. The indicators are mixed as are our interpretations of the reasons which are more complex than a single indicator. One fairly reliable indicator of likely performance is attendance records which declined after Covid and the teachers' strikes. The Trust is working actively to improve this which, unfortunately, is closely related to the level of disadvantage in the communities the schools serve. Currently, all Trust schools are judged as Good by Ofsted. Ensuring that this is maintained is a key priority.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Plans for future periods

Maintaining the good standard of education at each of the Trust's schools despite the remaining impact of the pandemic has been of primary importance. Ensuring full recovery and improving standards will still and will always be the priority. Ensuring that the curriculum in each school represents a rich blend of core skill development together with opportunities for personal, creative and physical development is a priority within that.

Building capacity for growth and enabling the successful on-boarding of new schools to the Trust is an immediate need in view of the current expectations that four schools are likely to join the Trust in the next twelve months. The expansion of the expertise and capacity of the Central Team during 22/23 and the early part of 23/24 will facilitate effective onboarding of new schools whilst also further improving support for our existing schools.

Growth is a huge opportunity for the Trust not only to provide a stronger more sustainable financial future but also to grow the network and partnerships that keep our schools performing at their best. The schools currently progressing towards joining the Trust we believe will provide a great stimulus to a new challenging and exciting stage in our development. To fully meet this challenge the Trust must invest to ensure our current services to schools are scalable and will facilitate growth without detriment to our core purpose or any individual school.

Safeguarding together with essential health and safety considerations for all involved are the essential basis for all this. Funding for this is not a choice, needs will be met. One particular aim will be to restore attendance to pre-pandemic levels.

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.

Our schools, do however, seek to raise funds through appropriate grant applications for one off or continued support for our provision and for contributions to and participation with our school resources.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditors, Armstrong Watson Audit Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on ~~31~~ December 2023 and signed on its behalf by:



.....
C A Christie
Chair of Trustees

SMART MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Smart Multi Academy Trust (SMART MAT) 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 is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control. In line with the requirements of the Academy Trust Handbook, SMART has an appropriately qualified CFO to whom responsibility for the trust's detailed financial procedures is delegated..

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the year. 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 Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
C A Christie, Chair of Trustees	8	8
A R Keenleyside, Vice Chair & Chair of Performance and Curriculum	7	8
J Quinn, Chair of Finance, Audit & Risk	7	8
D J Carrs (resigned 31 May 2023)	4	7
J A Slider (resigned 17 January 2023)	3	3
J E Brown (resigned 6 December 2022)	1	2
K Stevens (resigned 20 January 2023)	3	5
M A Anderson	7	8
M D E Stephenson (resigned 2 October 2023)	2	8
L J Bell (appointed 14 March 2023)	4	4
V A McDonald (appointed 25 May 2023)	1	1
E P McBride (appointed 8 June 2023)	1	1

Governance Reviews

The work begun last year regarding strengthening governance throughout our structure has been continued. In particular we have worked on implementing the modified structures agreed in the previous year, strengthening the Local Governing Boards (LGBs) and setting up effective contacts between the different groups involved throughout our governance structure.

Regular liaison between the executive and the schools' senior leadership teams has continued. As always, much attention has centred on the management accounts and reporting process together with budget development. Given the challenging financial situation this is necessarily an area of continuing and active attention.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The implementation of the revised Scheme of Delegation, formally adopted on 13 July 2022 was a feature of the year. As well as regular meetings of the Chairs Forum which were held to strong positive effect throughout the year, specific meetings between trustees, LGBs and the executive team were set up which allowed full discussion of shared objectives and the roles in the revised scheme. These efforts, which will continue, are designed to deliver the most effective support and challenge at school level together with support for the Trust. Further review has led to the creation of one joint governing board, which will replace the respective LGBs of two proximate schools.

In the course of the year four trustees and two Members have resigned, for a variety of conflicts with their changing personal and other employment circumstances. All will be missed. However, we have been able to recruit excellent new personnel so we believe the Trust continues to have a strong and well qualified Board of Trustees.

With regard to the LGBs, the recruiting of new Governors from a diverse range of backgrounds has continued very effectively and continues to bring new skills and perspective. Development of governors has continued with a successful governance conference held in March 2023.

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

Statistical data gathering has continued to be well supported. As indicated above the Trust is currently reviewing the set of KPIs we collect and seeking to match them with a coherent monitoring of our trust wide objectives. Meanwhile the collection of relevant data has continued very effectively with ongoing improvements which give effective results whilst aiming to maintain control of the level of effort devoted to data collection.

The external auditors appointed by the Members for this year are unchanged from those employed for the year ending 31st August 2022. This appointment, approved by Members at the annual general meeting in December 2022, is to ensure that both continued strong quality of service and value for money are being achieved.

The Trust has again used outside contractors to undertake internal scrutiny 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 although some areas of attention fall beyond financial controls. Where activities do fall outside the FAR expertise, individuals with the appropriate skills are consulted.

The topics addressed this year were key financial controls and an in-progress wellbeing audit. In the coming year planned topics are cybersecurity and estates risk. The results to date have been generally positive but also a number of useful points and action proposals have been identified. Further details of this process are provided in the paragraphs which follow.

Finally, we have been using outside expert contractors to provide support to the executive in the due diligence/planning exercise regarding the prospect of new schools joining the Trust. A main factor in deciding to seek such assistance was to ensure no points of importance were missed in the course of an operation which is new to the Trust.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance, Audit and Risk committee meetings in the year were as follows:

Trustee	Meetings attended	Out of a possible
C A Christie, Chair of Trustees	7	7
J Quinn, Chair of Finance Audit and Risk	7	7
J A Slider (resigned 17 January 2023)	3	3
M D E Stephenson	1	7
K Stevens (resigned 20 January 2023)	3	4
M A Anderson	2	2
L.J Bell (appointed 14 March 2023)	2	3
V A McDonald (appointed 25 May 2023)	2	2

Attendance at the Performance and Curriculum committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C A Christie, Chair of Trustees	2	5
A R Keenleyside, Chair of Performance & Curriculum	5	5
M A Anderson	5	5
J E Brown (resigned 6 December 2022)	2	2
E P McBride (appointed 8 June 2023)	1	1

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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.

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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 MAT we believe that effective delivery for money extends beyond specific procurement exercises, and we have continued to endeavour 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; 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 2023, we have:

- Continued to operate with a top slice contribution of 5% meeting the first objective set out above;
- Finalised the installation of the new ICT Services following last year's procurement. The new services are now in successful operation;
- Worked with the local authority to review the provision and funding of special needs services at some of the Trust's schools. Whilst still ongoing the process to date has improved our ability to provide effective services at a reduced net cost to the Trust;
- Progressed with data gathering/process alignment and central team finance appointments in preparation to commence a further 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.
- Worked with the Local Authority to plan the timing of the use of the expanded facilities at Kingston Park Primary taking account of falling roles in the area;
- Continued to review our contracts for the supply of goods and services across our schools to ensure best value; and,
- Employed a Health and Safety and Estates Manager to enable us to more effectively address the requirements for the estates across the Trust.

The Trust recognises the importance of continually enhancing Value for Money and in 2023/24 we plan to further embed improved benchmarking processes and again extend the range of contracts operated on a Trust wide basis working collaboratively with our school leaders.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

The Internal Scrutiny programme put in place by Trustees included completion in the current period of the independent external review 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 Trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has decided to employ Azets Holdings Limited as internal auditor.

External provision ensures that an appropriate independent level of specialism can be brought to bear on across the range of sources of risk which are reviewed.

A further programme of internal risk-based scrutiny is already in place for 2023/24, formally agreed at the Finance Audit and Risk committee meeting in July 2023.

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
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

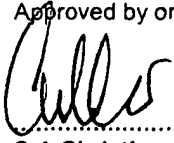
Review of effectiveness

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the internal scrutiny undertaken by Azets
- the work of the Finance, Audit and Risk Committee
- the work of the Armstrong Watson, 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 committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on their behalf by:


.....
C A Christie
Chair of Trustees
Date: 07.12.2023


.....
C A Lofthouse
Accounting Officer

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Smart Multi Academy Trust, I have considered my responsibility to notify the Academy 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, under the funding agreement, dated 1st October 2016, in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academy Trust Handbook 2022.

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 A Lofthouse
Accounting Officer

Date: 07.12.2023

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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:

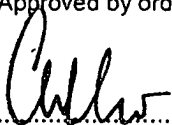
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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



.....
C A Christie
Chair of Trustees

Date: 7 Dec 2023

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SMART
MULTI ACADEMY TRUST**

Opinion

We have audited the financial statements of Smart Multi Academy Trust (the 'academy trust') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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 academy trust's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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 academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 academy trust'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.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in 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, the Trustees (who are also the directors of the academy trust 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 academy trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise noncompliance with applicable laws and regulations, such as the Academies Accounts Direction 2021 to 2022 issued by ESFA, Health & Safety at Work Act 1974, Food Hygiene Regulations, Charities Act 2011 and Companies Act 2006;
- we identified the laws and regulations applicable to the academy trust through discussions with directors and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of noncompliance throughout the audit.

We assessed the susceptibility of the academy trust's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and noncompliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed the application of accounting policies including the application of capitalisation of intangible assets.

In response to the risk of irregularities and noncompliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims

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

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Rae (Senior Statutory Auditor)
Armstrong Watson Audit Limited
Chartered Accountants and
Newcastle

Date: 19 December 2023

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SMART
MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 10 May 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Smart Multi Academy Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Smart Multi Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Smart Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Smart Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Smart Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Smart Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 October 2016 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SMART
MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Karen Rae (Senior Statutory Auditor)
Armstrong Watson Audit Limited
Chartered Accountants
Newcastle upon Tyne

Date: 19 December 2023

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	2,922	60,362	1,803,919	1,867,203	172,310
Other trading activities		198,773	18,735	-	217,508	251,070
Investments	6	8,193	-	-	8,193	658
Charitable activities		252,467	14,717,624	-	14,970,091	13,929,473
Total income		462,355	14,796,721	1,803,919	17,062,995	14,353,511
Expenditure on:						
Raising funds	8	198,773	18,735	-	217,508	251,070
Charitable activities		178,001	14,880,383	911,589	15,969,973	14,990,975
Total expenditure		376,774	14,899,118	911,589	16,187,481	15,242,045
Net income/(expenditure)		85,581	(102,397)	892,330	875,514	(888,534)
Transfers between funds	21	-	84,920	(84,920)	-	-
Net movement in funds before other recognised gains		85,581	(17,477)	807,410	875,514	(888,534)
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	28	-	1,744,000	-	1,744,000	8,681,000
Net movement in funds		85,581	1,726,523	807,410	2,619,514	7,792,466
Reconciliation of funds:						
Total funds brought forward		813,845	(1,037,907)	15,183,178	14,959,116	7,166,650
Net movement in funds		85,581	1,726,523	807,410	2,619,514	7,792,466
Total funds carried forward		899,426	688,616	15,990,588	17,578,630	14,959,116

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

The notes on pages 40 to 71 form part of these financial statements.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10257723

BALANCE SHEET
AS AT 31 AUGUST 2023

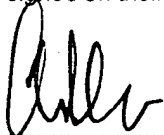
	Note	2023 £	2022 £
Fixed assets			
Intangible assets	16	136,833	156,889
Tangible assets	17	16,857,335	15,849,666
		<u>16,994,168</u>	<u>16,006,555</u>
Current assets			
Debtors	18	495,919	767,297
Cash at bank and in hand		3,501,278	3,217,304
		<u>3,997,197</u>	<u>3,984,601</u>
Creditors: amounts falling due within one year	19	(2,181,003)	(2,143,085)
Net current assets		<u>1,816,194</u>	<u>1,841,516</u>
Total assets less current liabilities		<u>18,810,362</u>	<u>17,848,071</u>
Creditors: amounts falling due after more than one year	20	(682,732)	(736,955)
Net assets excluding pension liability		<u>18,127,630</u>	<u>17,111,116</u>
Defined benefit pension scheme liability	28	(549,000)	(2,152,000)
Total net assets		<u><u>17,578,630</u></u>	<u><u>14,959,116</u></u>

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10257723

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Funds of the Academy			
Restricted funds:			
Fixed asset funds	21	15,990,588	15,183,178
Restricted income funds	21	1,237,616	1,114,093
		<hr/>	<hr/>
Restricted funds excluding pension asset	21	17,228,204	16,297,271
Pension reserve	21	(549,000)	(2,152,000)
		<hr/>	<hr/>
Total restricted funds	21	16,679,204	14,145,271
Unrestricted income funds	21	899,426	813,845
		<hr/>	<hr/>
Total funds		17,578,630	14,959,116
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 36 to 71 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
C A Christie
Chair of Trustees

Date: 7 December 2023

The notes on pages 40 to 71 form part of these financial statements.

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	23	368,646	1,458,765
Cash flows from investing activities	25	(5,650)	(1,449,390)
Cash flows from financing activities	24	(79,022)	185,725
Change in cash and cash equivalents in the year		283,974	195,100
Cash and cash equivalents at the beginning of the year		3,217,304	3,022,204
Cash and cash equivalents at the end of the year	26, 27	<u>3,501,278</u>	<u>3,217,304</u>

The notes on pages 40 to 71 form part of these financial statements

SMART MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

• **Donated fixed assets (excluding transfers on conversion or into the Academy)**

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 should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's accounting policies.

1.4 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 allocated on the portion of the asset's use.

• **Expenditure on raising funds**

This includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Charitable activities**

These are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.6 Intangible assets

Intangible assets costing £NIL 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 assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Development expenditure	-	20% straight line
Computer software	-	20% straight line

1.7 Tangible fixed assets

Tangible fixed 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.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33% straight line

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 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 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.

1.11 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.

1.12 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Leased assets

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.14 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 Balance Sheet date. The amounts charged to operating surplus 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 in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.15 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

1.16 PFI

The Academy Trust occupies a building 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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. Income from donations and capital grants

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Donated fixed assets	-	-	1,747,398	1,747,398
Capital grants	-	-	56,521	56,521
Other donations	2,922	60,362	-	63,284
Total 2023	2,922	60,362	1,803,919	1,867,203

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Capital grants	-	-	154,293	154,293
Other donations	3,998	14,019	-	18,017
Total 2022	3,998	14,019	154,293	172,310

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

4. Funding for the Academy's charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Donations and capital grants			
DfE/ESFA grants			
General annual grant	-	10,440,222	10,440,222
Other DfE/ESFA grants			
Universal infant free school meals	-	202,396	202,396
Pupil premium	-	1,596,044	1,596,044
Teachers pension	-	20,778	20,778
Others	-	1,023,676	1,023,676
	-	13,283,116	13,283,116
Other Government grants			
Local authority grants	-	1,413,188	1,413,188
COVID-19 additional funding (DfE/ESFA)			
Other DfE/EFSA Covid-19 funding	-	21,320	21,320
Other income			
Other incoming resources	252,467	-	252,467
	252,467	14,717,624	14,970,091

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

4. Funding for the Academy's charitable activities (continued)

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Donations and capital grants			
DfE/ESFA grants			
General annual grant (GAG)	-	10,154,708	10,154,708
Other DfE/ESFA grants			
- Universal income free school meals	-	186,817	186,817
- Pupil premium	-	1,486,221	1,486,221
- Teachers pension	-	10,023	10,023
- Teachers pay	-	28,322	28,322
- Other grants	-	338,892	338,892
	-	12,204,983	12,204,983
Other Government grants			
Local authority grants	-	1,479,170	1,479,170
COVID-19 additional funding (DfE/ESFA)			
Other DfE/ESFA Covid-19 funding	-	72,302	72,302
Other income			
Other incoming resources	173,018	-	173,018
Total Donations and capital grants	173,018	13,756,455	13,929,473

5. Income from other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Hire of facilities	53,934	-	53,934
Other income	144,839	18,735	163,574
Total 2023	198,773	18,735	217,508

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NOTES TO THE FINANCIAL STATEMENTS
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5. Income from other trading activities (continued)

	Unrestricted funds 2022 £	Total funds 2022 £
Hire of facilities	43,849	43,849
Other income	207,221	207,221
Total 2022	251,070	251,070

6. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Investment income - short term deposits	8,193	8,193

	Unrestricted funds 2022 £	Total funds 2022 £
Investment income - short term deposits	658	658

7. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other 2023 £	Total 2023 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	217,508	217,508
Donations and capital grants:				
Direct costs	9,841,749	911,589	728,175	11,481,513
Allocated support costs	1,829,751	1,286,578	1,372,131	4,488,460
Total 2023	11,671,500	2,198,167	2,317,814	16,187,481

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NOTES TO THE FINANCIAL STATEMENTS
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7. Expenditure (continued)

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	251,070	251,070
Donations and capital grants:				
Direct costs	9,031,434	469,006	617,084	10,117,524
Allocated support costs	2,513,001	955,592	1,404,858	4,873,451
Total 2022	<u>11,544,435</u>	<u>1,424,598</u>	<u>2,273,012</u>	<u>15,242,045</u>

8. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Cost of raising funds	<u>198,773</u>	<u>18,735</u>	<u>217,508</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

8. Expenditure on raising funds (continued)

Fundraising trading expenses (continued)

	Unrestricted funds 2022 £	Total funds 2022 £
Cost of raising funds	251,070	251,070

9. Charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Educational Operations			
Direct costs	164,925	11,316,428	11,481,353
Support costs	13,076	4,475,384	4,488,460
Total 2023	178,001	15,791,812	15,969,813

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Educational Operations			
Direct costs	41,134	11,195,075	11,236,209
Support costs	94,541	3,660,225	3,754,766
Total 2022	135,675	14,855,300	14,990,975

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Academy's educational operations	11,481,513	4,488,460	15,969,973

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Educational operations	10,117,524	4,873,451	14,990,975

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	1,802,463	2,513,010
Other support costs	786,452	1,029,309
Technology costs	114,130	232,560
Premises costs	1,596,553	955,592
Legal costs	168,897	89,352
Governance costs	19,965	53,628
	<u>4,488,460</u>	<u>4,873,451</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023 £	2022 £
Operating lease rentals	187,840	187,840
Depreciation of tangible fixed assets	807,333	467,207
Amortisation of intangible assets	22,836	1,798
Loss on disposal of fixed assets	81,420	-
Interest	8,022	3,663
Net interest on defined benefit pension liability	73,000	160,000
Fees paid to auditor for:		
- Audit	20,970	20,970
- Other services	4,870	4,870
	<u>20,970</u>	<u>20,970</u>
	<u>4,870</u>	<u>4,870</u>

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	8,258,025	7,786,917
Social security costs	774,876	711,682
Pension costs	1,962,627	2,675,301
	<u>10,995,528</u>	<u>11,173,900</u>
Agency staff costs	599,412	336,832
Staff restructuring costs	49,947	9,892
Staff development costs	26,613	23,811
	<u>11,671,500</u>	<u>11,544,435</u>

Staff restructuring costs comprise:

Severance payments	<u>49,947</u>	<u>9,892</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

12. Staff (continued)

b. Severance payments

The Academy paid 4 severance payments in the year (2022 - 2), disclosed in the following bands:

	2023 No.	2022 No.
£0 - £25,000	<u>4</u>	<u>2</u>

c. Staff numbers

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

	2023 No.	2022 No.
Teachers	129	125
Administration and support	232	234
Management	2	3
	<u>363</u>	<u>362</u>

d. Higher paid staff

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

	2023 No.	2022 No.
In the band £60,001 - £70,000	6	6
In the band £70,001 - £80,000	3	2
In the band £80,001 - £90,000	2	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £1,046,986 (2022 - £984,081).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

13. Central services

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

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

The Academy charges for these services on the following basis:

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

The actual amounts charged during the year were as follows:

	2023 £	2022 £
Wyndham Primary School	51,788	49,022
Stocksfield Avenue Primary School	99,343	89,595
Farne Primary School	60,806	54,200
Cheviot Primary School	63,412	57,496
Mountfield Primary School	53,464	48,841
Kenton Bar Primary School	77,527	68,706
Kingston Park Primary School	92,635	88,112
North Fawdon Primary School	45,018	45,646
Total	543,993	501,618

14. Trustees' remuneration and expenses

None of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The headteachers 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.

During the year ended 31 August 2023, travel and subsistence expenses totalling £1,792 were reimbursed or paid directly to 4 Trustees (2022 - £903 to 3 Trustees).

15. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2023 was £nil (2022 - £nil). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Intangible assets

	Project costs £	Computer software £	Total £
Cost			
At 1 September 2022	102,776	108,054	210,830
Additions	2,780	-	2,780
At 31 August 2023	<u>105,556</u>	<u>108,054</u>	<u>213,610</u>
Amortisation			
At 1 September 2022	-	53,941	53,941
Charge for the year	12,915	9,921	22,836
At 31 August 2023	<u>12,915</u>	<u>63,862</u>	<u>76,777</u>
Net book value			
At 31 August 2023	<u>92,641</u>	<u>44,192</u>	<u>136,833</u>
At 31 August 2022	<u>102,776</u>	<u>54,113</u>	<u>156,889</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

17. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2022	16,588,725	662,560	485,328	17,736,613
Additions	1,724,127	59,483	31,392	1,815,002
Transfers between classes	(534,396)	534,396	-	-
At 31 August 2023	<u>17,778,456</u>	<u>1,256,439</u>	<u>516,720</u>	<u>19,551,615</u>
Depreciation				
At 1 September 2022	1,218,560	352,881	315,506	1,886,947
Charge for the year	344,927	381,650	80,756	807,333
Transfers between classes	(20,994)	20,994	-	-
At 31 August 2023	<u>1,542,493</u>	<u>755,525</u>	<u>396,262</u>	<u>2,694,280</u>
Net book value				
At 31 August 2023	<u>16,235,963</u>	<u>500,914</u>	<u>120,458</u>	<u>16,857,335</u>
At 31 August 2022	<u>15,370,165</u>	<u>309,679</u>	<u>169,822</u>	<u>15,849,666</u>

During the year pipework and boiler works previously capitalised as freehold property were transferred to fixtures and fittings at their net book value. The Trustees believe this reclassification reflects the true nature of these assets more appropriately.

18. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	12,309	103,996
Prepayments and accrued income	445,371	584,308
Other debtors	38,239	78,993
	<u>495,919</u>	<u>767,297</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

19. Creditors: Amounts falling due within one year

	2023 £	2022 £
Other loans	102,806	119,583
Trade creditors	486,882	306,937
Other taxation and social security	185,729	168,038
Other creditors	206,021	206,403
Accruals and deferred income	1,199,565	1,342,124
	<u>2,181,003</u>	<u>2,143,085</u>

	2023 £	2022 £
Deferred income at 1 September 2022	421,375	298,013
Resources deferred during the year	463,842	421,375
Amounts released from previous periods	(421,375)	(298,013)
	<u>463,842</u>	<u>421,375</u>

20. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Other loans	682,732	736,955

Included within the above are amounts falling due as follows:

	2023 £	2022 £
Between one and two years		
Other loans	96,756	96,756
Between two and five years		
Other loans	266,501	277,293
Over five years		
Other loans	319,475	362,906

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
General Funds	813,845	462,355	(376,774)	-	-	899,426
Restricted general funds						
General Annual Grant (GAG)	1,114,093	10,461,000	(10,337,477)	-	-	1,237,616
Other DfE / ESFA grants	-	2,663,039	(2,747,959)	84,920	-	-
Other government grants	-	1,653,947	(1,653,947)	-	-	-
Other restricted funds	-	18,735	(18,735)	-	-	-
Pension reserve	(2,152,000)	-	(141,000)	-	1,744,000	(549,000)
	<u>(1,037,907)</u>	<u>14,796,721</u>	<u>(14,899,118)</u>	<u>84,920</u>	<u>1,744,000</u>	<u>688,616</u>
Restricted fixed asset funds						
Inherited on conversion	6,961,163	-	(139,985)	-	-	6,821,178
DfE group capital grants	3,705,958	56,521	(567,991)	(84,920)	-	3,109,568
Capital expenditure from GAG	1,146,963	-	(75,172)	-	-	1,071,791
Donated fixed assets	3,369,094	1,747,398	(128,441)	-	-	4,988,051
	<u>15,183,178</u>	<u>1,803,919</u>	<u>(911,589)</u>	<u>(84,920)</u>	<u>-</u>	<u>15,990,588</u>
Total Restricted funds	<u>14,145,271</u>	<u>16,600,640</u>	<u>(15,810,707)</u>	<u>-</u>	<u>1,744,000</u>	<u>16,679,204</u>
Total funds	<u>14,959,116</u>	<u>17,062,995</u>	<u>(16,187,481)</u>	<u>-</u>	<u>1,744,000</u>	<u>17,578,630</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

21. Statement of 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 2023.

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 31.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds	771,846	428,744	(386,745)	-	-	813,845
Restricted general funds						
General Annual Grant (GAG)	1,071,227	10,193,053	(9,739,875)	(410,312)	-	1,114,093
Other DfE / ESFA grants	-	2,011,930	(2,011,930)	-	-	-
Other government grants	-	1,533,895	(1,533,895)	-	-	-
Other restricted funds	-	31,596	(31,596)	-	-	-
Pension reserve	(9,764,000)	-	(1,069,000)	-	8,681,000	(2,152,000)
	<u>(8,692,773)</u>	<u>13,770,474</u>	<u>(14,386,296)</u>	<u>(410,312)</u>	<u>8,681,000</u>	<u>(1,037,907)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

**Restricted fixed
asset funds**

Inherited on conversion	7,105,913	-	(144,750)	-	-	6,961,163
DfE group capital grants	3,762,526	154,293	(210,861)	-	-	3,705,958
Capital expenditure from GAG	739,077	-	(2,426)	410,312	-	1,146,963
Donated fixed assets	3,480,061	-	(110,967)	-	-	3,369,094
	<u>15,087,577</u>	<u>154,293</u>	<u>(469,004)</u>	<u>410,312</u>	<u>-</u>	<u>15,183,178</u>
Total Restricted funds	<u>6,394,804</u>	<u>13,924,767</u>	<u>(14,855,300)</u>	<u>-</u>	<u>8,681,000</u>	<u>14,145,271</u>
Total funds	<u><u>7,166,650</u></u>	<u><u>14,353,511</u></u>	<u><u>(15,242,045)</u></u>	<u><u>-</u></u>	<u><u>8,681,000</u></u>	<u><u>14,959,116</u></u>

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21. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2023 £	2022 £
Wyndham Primary School	87,413	105,187
Stocksfield Avenue Primary School	669,886	607,239
Farne Primary School	506,965	381,883
Cheviot Primary School	539,761	434,689
Mountfield Primary School	104,549	124,153
Kenton Bar Primary School	393,180	256,211
Kingston Park Primary School	447,769	365,266
North Fawdon Primary School	(64,592)	32,029
Central services	(547,889)	(378,719)
Total before fixed asset funds	2,137,042	1,927,938
Restricted fixed asset fund	15,990,588	15,183,178
Pension reserve	(549,000)	(2,152,000)
Total	17,578,630	14,959,116

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

21. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2023 £
Wyndham Primary School	850,965	191,856	63,643	234,039	1,340,503
Stocksfield Avenue Primary School	1,603,962	178,770	140,271	558,649	2,481,652
Farne Primary School	956,397	132,001	93,792	220,040	1,402,230
Cheviot Primary School	1,250,450	133,995	115,102	244,067	1,743,614
Mountfield Primary School	967,021	117,718	77,810	274,359	1,436,908
Kenton Bar Primary School	1,459,698	147,511	82,705	296,881	1,986,795
Kingston Park Primary School	1,770,618	288,946	155,553	355,802	2,570,919
North Fawdon Primary School	914,636	162,205	128,030	222,418	1,427,289
Central Services	-	476,748	15,616	252,452	744,816
Academy	9,773,747	1,829,750	872,522	2,658,707	15,134,726

Comparative information in respect of the preceding year is as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2022 £
Wyndham Primary School	722,107	165,962	50,679	230,179	1,168,927
Stocksfield Avenue Primary School	1,467,057	154,572	120,066	502,323	2,244,018
Farne Primary School	859,114	119,546	111,055	187,765	1,277,480
Cheviot Primary School	1,121,563	132,680	83,255	214,371	1,551,869
Mountfield Primary School	898,457	105,018	46,551	243,304	1,293,330
Kenton Bar Primary School	1,359,259	132,132	71,220	267,867	1,830,478
Kingston Park Primary School	1,705,723	266,752	93,305	358,492	2,424,272
North Fawdon Primary School	860,941	139,652	99,513	169,996	1,270,102
Central services	37,213	387,687	49,978	168,678	643,556
Academy	9,031,434	1,604,001	725,622	2,342,975	13,704,032

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	16,857,335	16,857,335
Intangible fixed assets	-	-	136,833	136,833
Current assets	899,426	3,097,771	-	3,997,197
Creditors due within one year	-	(1,860,155)	(320,848)	(2,181,003)
Creditors due in more than one year	-	-	(682,732)	(682,732)
Provisions for liabilities and charges	-	(549,000)	-	(549,000)
Total	899,426	688,616	15,990,588	17,578,630

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	15,849,666	15,849,666
Intangible fixed assets	-	-	156,889	156,889
Current assets	606,733	3,166,893	210,975	3,984,601
Creditors due within one year	207,112	(2,052,800)	(297,397)	(2,143,085)
Creditors due in more than one year	-	-	(736,955)	(736,955)
Provisions for liabilities and charges	-	(2,152,000)	-	(2,152,000)
Total	813,845	(1,037,907)	15,183,178	14,959,116

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2023 £	2022 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	875,514	(888,534)
Adjustments for:		
Amortisation	22,836	1,798
Depreciation	807,333	467,207
Capital grants from DfE and other capital income	(56,541)	(310,955)
Interest receivable	(8,193)	(658)
Interest payable	8,022	3,663
Defined benefit pension scheme cost less contributions payable	68,000	909,000
Defined benefit pension scheme finance cost	73,000	160,000
Decrease in debtors	271,378	904,462
Increase in creditors	54,695	212,782
Donated fixed assets	(1,747,398)	-
Net cash provided by operating activities	368,646	1,458,765

24. Cash flows from financing activities

	2023 £	2022 £
New other loan	-	233,991
Repayments of other loan	(71,000)	(44,603)
Finance costs	(8,022)	(3,663)
Net cash (used in)/provided by financing activities	(79,022)	185,725

25. Cash flows from investing activities

	2023 £	2022 £
Dividends, interest and rents from investments	8,193	658
Purchase of tangible fixed assets	(1,817,782)	(1,604,341)
Capital grants from DfE Group	56,541	154,293
Donated fixed assets	1,747,398	-
Net cash used in investing activities	(5,650)	(1,449,390)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

26. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand and at bank	3,501,278	3,217,304
Total cash and cash equivalents	3,501,278	3,217,304

27. Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	At 31 August 2023 £
Cash at bank and in hand	3,217,304	283,974	3,501,278
Debt due within 1 year	(119,583)	16,777	(102,806)
Debt due after 1 year	(736,955)	54,223	(682,732)
	2,360,766	354,974	2,715,740

28. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2022.

Contributions amounting to £212,052 were payable to the schemes at 31 August 2023 (2022 - £127,678) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

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. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024 and the employer contribution will increase by 5% to 28.6%, plus administration fee, from that date. Funding from the DfE for this is as yet unclear.

The employer's pension costs paid to TPS in the year amounted to £1,179,543 (2022 - £1,121,433).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £912,000 (2022 - £808,000), of which employer's contributions totalled £724,000 (2022 - £641,000) and employees' contributions totalled £ 188,000 (2022 - £167,000). The agreed contribution rates for future years are 23.3% for employers and 5.5% - 9.9% for employees. There is a 0.5% admin charge included within the employer contribution.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	4.1	4.2
Rate of increase for pensions in payment/inflation	2.6	2.7
Discount rate for scheme liabilities	5.1	4.1
Inflation assumption (CPI)	2.6	2.7

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

	2023	2022
	Years	Years
Retiring today		
Males	21.0	21.8
Females	24.1	25.0
Retiring in 20 years		
Males	22.2	23.5
Females	25.5	26.7

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate +0.1%	11,035	11,454
Discount rate -0.1%	11,496	12,053
Mortality assumption - 1 year increase	10,990	11,419
Mortality assumption - 1 year decrease	11,530	12,077
CPI rate +0.1%	11,463	11,995
CPI rate -0.1%	11,069	11,501

Share of scheme assets

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28. Pension commitments (continued)

The Academy's share of the assets in the scheme was:

	At 31 August 2023	At 31 August 2022
	£	£
Equities	5,517,000	5,162,000
Government bonds	139,000	154,000
Corporate bonds	2,024,000	1,785,000
Property	1,103,000	1,065,000
Cash and other liquid assets	182,000	173,000
Multi Asset Credit	493,000	422,000
Other assets	1,253,000	835,000
Total market value of assets	10,711,000	9,596,000

The actual return on scheme assets was £421,000 (2022 - £(152,000)).

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

	2023	2022
	£	£
Current service cost	792,000	1,550,000
Net interest cost	73,000	160,000
Total amount recognised in the Statement of Financial Activities	865,000	1,710,000

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

	2023	2022
	£	£
At 1 September	11,748,000	18,911,000
Current service cost	792,000	1,550,000
Interest cost	481,000	321,000
Employee contributions	188,000	167,000
Actuarial gains	(1,731,000)	(8,994,000)
Benefits paid	(218,000)	(207,000)
At 31 August	11,260,000	11,748,000

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2023 £	2022 £
At 1 September	9,596,000	9,147,000
Interest income	408,000	161,000
Actuarial gains/(losses)	13,000	(313,000)
Employer contributions	724,000	641,000
Employee contributions	188,000	167,000
Benefits paid	(218,000)	(207,000)
At 31 August	10,711,000	9,596,000

Potential pension increases from 1 April 2023 of the order of 10% aligned with CPI have not been reflected in the pension valuation presented, given that decision on the pension increase is a future and highly uncertain event. The expected impact is 5.5%-6% adjustment, which would see an additional liability of c£550k.

29. Operating lease commitments

At 31 August 2023 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	220,182	210,202
Later than 1 year and not later than 5 years	600,026	601,386
Later than 5 years	596,340	784,232
	1,416,548	1,595,820

30. Members' liability

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

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31. Related party transactions

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related parties transactions with the Academy Trust in the year.