

**NORTHERN EDUCATION TRUST**

(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NORTHERN EDUCATION TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Members</b>	L Walton C Roberts M Sanders
<b>Trustees</b>	L Walton, Chairman <sup>3</sup> J Nolan, Staff Trustee <sup>2</sup> R Tarn, Chief Executive <sup>1,2,3</sup> M Sanders <sup>2,3</sup> S Duncan <sup>1</sup> A Hodgson J Copping <sup>2</sup> T Grieveson <sup>1,3</sup> J Foster <sup>1</sup> C Roberts G Edmunds J Kelly (appointed 4 October 2019)  <sup>1</sup> members of the Achievement and Climate Committee <sup>2</sup> members of Audit and Risk Committee <sup>3</sup> members of the Corporate Coordination Group
<b>Company registered number</b>	07189647
<b>Company name</b>	Northern Education Trust
<b>Principal and Registered Office</b>	Thorp Academy Main Road, Ryton Tyne and Wear NE40 3AH
<b>Company Secretary</b>	C Hopkins
<b>Accounting Officer</b>	R Tarn
<b>Trust Corporate - Senior Management Team</b>	R Tarn, Chief Executive and Accounting Officer J Wilson, Deputy Chief Executive Officer G Edmunds, Chief Operating and Financial Officer J Telford, Director of Human Resources and Communications M Lairini, Director of Executive Services P Carr, Director of Curriculum A Jordon, Executive Principal J Nolan, Executive Principal M Robson, Executive Principal N Gibb, Executive Principal D Murphy, Executive Principal
<b>Independent auditor</b>	RSM UK AUDIT LLP, Statutory Auditor Chartered Accountants Central Square, 5th Floor, 29 Wellington Street, Leeds LS1 4DL
<b>Bankers</b>	Barclays Bank Teesdale Business Park Stockton on Tees TS17 6YG
<b>Solicitors</b>	Ward Hadaway 102 Quayside Newcastle Upon Tyne NE1 3DX

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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

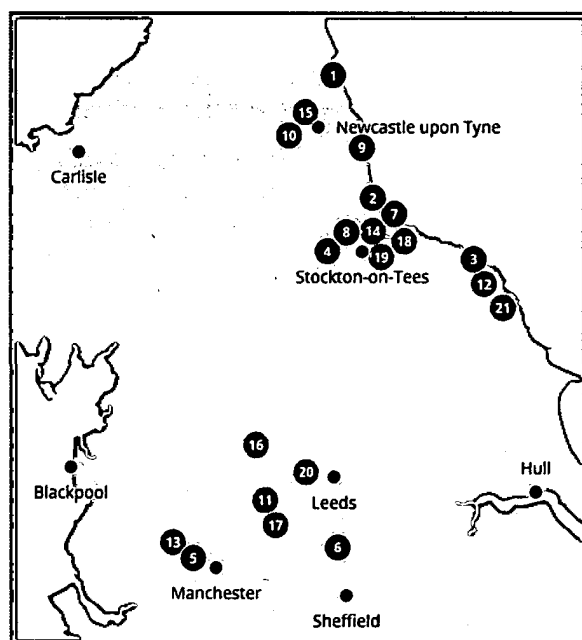
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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Northern Education Trust (NET) was formed in 2012. In seven years it has grown from a single academy to eleven primary academies and ten secondary academies which are located in three hub areas:

1. North East England conurbations of Tyne-Wear and Tees Valley
2. Yorkshire conurbations of the Aire-Calder-Deane Valleys
3. Bolton-Manchester conurbation

The map below outlines the location of the Trust academies and also includes the addition of three new academies that transferred into the Trust as at 1st September 2019. These are Freebrough Academy, Badger Hill Primary Academy and Whitecliffe Primary Academy.



### Secondary Academies

- 1) The Blyth Academy
- 2) Dyke House Sports & Technology College
- 3) Freebrough Academy
- 4) The Grangefield Academy
- 5) Kearsley Academy
- 6) Kirk Balk Academy
- 7) Manor Academy
- 8) North Shore Academy
- 9) Red House Academy
- 10) Thorp Academy

### Primary Academies

- 11) Abbey Park Primary Academy
- 12) Badger Hill Primary Academy
- 13) The Ferns Primary Academy
- 14) Frederick Nattrass Primary Academy
- 15) Hilton Primary Academy
- 16) Merlin Top Primary Academy
- 17) Mount Pellon Primary Academy
- 18) Norton Primary Academy
- 19) The Oak Tree Academy
- 20) Ryecroft Primary Academy
- 21) Whitecliffe Primary Academy

Going forward the Trust wishes to work with schools and Trusts who have a similar ethos of placing children at the forefront of all decision making. The Trust will not sponsor schools where key stakeholders and the local community are not supportive of the potential sponsorship. Ideally, growth will only be considered in the North East of England to enable the Trust to make the most efficient and effective use of current resources.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The geographical location of any new school would ideally be within approximately 30 minutes' travel time of another Northern Education Trust academy. The school would need to be located within one of the current geographical clusters i.e.

1. Primary geographical clusters.
  - a. Primary Cluster 1 – Stockton (Frederick Nattrass, Norton, Oaktree), Redcar and Cleveland (Badger Hill and Whitecliffe), Newcastle (Hilton).
  - b. Primary Cluster 2 – Calderdale (Mount Pellon and Abbey Park), Bradford (Merlin Top and Ryecroft) and Bolton (The Ferns).
2. Secondary geographical clusters;
  - a. Secondary Cluster 1 – Stockton (Grangefield, North Shore Academy), Redcar and Cleveland (Freebrough).
  - b. Secondary Cluster 2 - Hartlepool (Manor and Dyke House), Sunderland (Red House), Gateshead (Thorp), Northumberland (Blyth).
  - c. Secondary Cluster 3 – Barnsley (Kirk Balk), Bolton (Kearsley).

The Growth Strategy aims to rationalise the geographical footprint of the Trust, although this does not automatically mean the release of schools in the Trust. Given the geographical challenges of sharing resources across the Trust, in making a decision about growth at either phase, Trustees will consider school improvement capacity on a case by case basis alongside the geographical cluster and detailed due diligence undertaken by Trust Directors, Executive Team members and Trust advisors.

The Trust has a pupil capacity of 14,625 and 11,168 on roll at its primary and secondary academies in the school census dated October 2018.

Northern Education Trust introduced in 2017/18 a new vision, values and shortened tag-line of "Outcomes Focused, Child Centred". Over the last academic year, NET has continued to implement the NORTHERN model of school improvement and now has the capacity, skill and expertise to plan and deliver rapid school improvement in even the most challenging of contexts. Inclusivity is embedded in the NORTHERN model with mechanisms to support the most vulnerable child to succeed and overcome barriers to learning. The impact of the new vision and developments in school improvement is evidenced in the 2018 and 2019 results across both Primary and Secondary phases.

### **Structure, governance and management**

#### **Constitution**

The Academy Trust is a company limited by guarantee (incorporated in June 2012) and an exempt charity. The charitable company's memorandum and articles of association (7 September 2016) are the primary governing documents of the Academy Trust. The Trustees of Northern Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Northern Education Trust.

Details of the Trustees who served throughout the year and to the date that these accounts are approved except as noted are included in the Reference and Administrative details on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

Subject to the provision of the Companies Act 2006, every Trustee and Officer is indemnified against any liability incurred by them in their capacity in defending any proceedings whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of Northern Education Trust. The insurance purchased for the Trust provides cover up to £5 million on an annual aggregate limit basis.

#### **Method of recruitment and appointment or election of Trustees**

The types of Trustees and their recruitment, term and appointment is set out within the Articles of Association and Scheme of Delegation.

The Members may appoint up to eleven Trustees through such process as they may determine. The total number of Trustees including the Chief Executive Officer who are employees of the Trust shall not exceed one third of the total number of Trustees.

#### **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Trustees depends on their existing skills, knowledge and experience. Where necessary, induction will provide training on charity, educational, governance, HR, legal and financial matters. All new Trustees will be offered a tour of the Trust's academies and the chance to meet students, staff and Local Governors. All Trustees are provided with a Trust induction and copies of policies, procedures, latest minutes, financial statements and other documents they require to undertake their role effectively as Trustees.

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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

**Organisational structure**

The governance structure of the Trust is on two levels: The Trust Board and its subcommittees (including Academy Councils). The Trust Board is responsible for the strategic decision making of the Trust. The Trust Board of Directors is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions by addressing such matters as policy and strategy development, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust and senior staff appointments.

The role of Academy Councils are to question, challenge and support the academy principal and senior leaders against the Trust visions and values, to ensure good governance of the academy.

The Academy Council will consist of locally based members who will ensure good governance of the Academy is established.

**The Trust Board's responsibilities are:**

1. To provide strategic direction for the Trust including the addition of further new Academies.
2. To provide strategic vision and support for school improvement across the Trust.
3. To monitor the effectiveness of the Trusts support arrangements and to ensure that the Academies are satisfied with the support and that they are getting value for money.
4. To appoint and performance manage Academy Principals, Local Academy Council's and Interim Executive Boards.
5. To ensure financial accountability to the Department for Education and within the Academies is secure.

The above list is a brief overview of the Trust Board. Full responsibilities of the Trust Board and sub committees are outlined in the governance statement beginning on page 20.

**Arrangements for setting pay and remuneration of key management personnel**

The Trust has determined its key management personnel as the members of the Trust Executive Team led by its Chief Executive. The Trust Executive Team have authority and responsibility for (directly or indirectly) planning, directing and controlling the day to day activities of the Trust. The members of this Team are shown below;

- |   |           |  |
|---|-----------|--|
| • | R Tarn    | Chief Executive Officer and Accounting Officer |
| • | J Wilson  | Deputy Chief Executive Officer                 |
| • | G Edmunds | Chief Operating and Financial Officer          |
| • | J Telford | Director of HR and Communications              |

Remuneration of key management personnel is considered by the Trusts Corporate Coordination Group (CCG) and approved by the Trust Board. The Board delegates to CCG items of strategic importance which overlap between the Trusts Achievement and Climate Committee and the Audit and Risk Committee as to ensure an aligned view is taken prior to final consideration and sign off by the Board. Trustees may delegate some matters in relation to remuneration to the Chief Executive.

The Trust continues to manage the remuneration of key management personnel using salary benchmarking of the 2017/18 audited financial statements. This benchmarking considered Trusts both nationally and within the Northern Alliance of MATS. Trustees received at both Audit and Risk Committee and Trust Board reports regarding remuneration including the ESFA / Lord Agnew letter re: Executive remuneration without any adverse opinion from Central Government with regards NET. Trustees continue to seek assurance in the remuneration of key management personnel and are committed to a similar exercise once 2018/19 audited financial statements are published.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Structure, governance and management (continued)**

**Trade union facility time**

Under the provision of the Trade Union (Facility Time Publication Requirements) Regulations 2017 the Trust is required to publish the information included in schedule 2 of the Regulations, which consists of four tables and must disclose this in the Trustees report.

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	7
Full-time equivalent employee number	6.5

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	1
1%-50%	6
51%-99%	0
100%	0

**Percentage of pay bill spent on facility time**

	£000
Provide the total cost of facility time	25
Provide the total pay bill	49,085
Provide the percentage of the total pay bill spent on facility time	0.05%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	2.07%
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

**Related parties and other connected charities and organisations**

NET was formed in June 2012 and sponsored by Northern Education Associates (NEA). The Trust is responsible and accountable for the performance of its academies and has a funding agreement with the Education Funding Agency with further supplemental funding agreements for each Academy it then sponsors. With effect from the 31st August 2014 there continues to be no related party transactions between NET and NEA.

Trustees continue to disclose their declarations of interest and these can be found on the Trust website. Any other related party transactions can be found in note 30 of these accounts.

**Objectives and activities**

**Objects and aims**

The Articles of Association clearly define the primary objective and activity of the Trust as;

1. to advance for the public benefit education in the United Kingdom, in particular, but without prejudice, to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age; and
2. to promote for the benefit of the inhabitants of the communities served by the Academies and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the objects of improving the condition of life of the said inhabitants.

The Northern Education Trust vision and shortened tag-line is;

*"We constantly focus on standards as we understand outcomes are paramount. Our decision making is driven entirely by what is best for children. By doing this we enhance the life chances of the children and young people in our care"*

*Outcomes Focused, Child Centred.*

The 10 values which underpin our vision

1. We care passionately about the education and welfare of young people
2. We believe that all young people, irrespective of background or ability will be successful in our Trust
3. We are not and will never be selective. We believe that local schools are for local children
4. We are always inclusive. Our mechanisms to support the most vulnerable child to succeed and overcome barriers to learning are a key aspect of our work
5. Our approach to education recognises that outcomes are paramount and also allows children to gain experiences and values which prepare them fully for life in modern Britain. This includes workplace skills and appropriate advice for future progression
6. We have high expectations of behaviour
7. We adopt the local authority admissions protocol and work closely with them
8. We would always wish to act in such a way that has a positive effect on a neighbouring school or community. We care passionately about children in all schools, not just our own
9. That all employees act with integrity and embrace the value that 'we are the Trust'
10. We work regionally and nationally to develop approaches to MAT improvement that influence the wider school-led system

The Trust has an ambition to move towards being a 'world class' organisation and by this we wish to:

1. Outperform ourselves every year, not only in terms of examination results but in every service we offer
2. Commit ourselves to continuously improving towards excellence
3. Delight students and parents who will be life-long champions for our Trust
4. Work in collaboration with key stakeholders including the DFE, Local Government, businesses, Further and Higher Education and colleagues in schools outside our Trust, all of whom will be advocates for our Trust
5. Be innovative and develop new ways to improve the lives of our students and colleagues
6. Have outstanding leaders within our Trust who create more leaders
7. Have everyone feel that they 'own' the organisation, whether it be a student or a colleague
8. Ensure that our operations are flawless, including our planning systems so that scarce resources can be managed effectively
9. Ensure communications and feedback are transparent, easily understood and supportive to help everyone reach their full potential



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objectives and activities (continued)**

**Objectives, strategies and activities**

Northern Education Trust (NET) is a Company Limited by Guarantee (Exempt Charity) created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association. NET is an exempt charity by virtue of the Charities Act 2011.

The funding agreement between the Education Funding Skills Agency (ESFA) and NET sets out the terms and conditions on which grant is made. The Trust Board is responsible for ensuring that conditions of grant are met. As part of this process the Trust is required to have in place sound financial systems and controls. These financial regulations form part of this overall system of accountability.

In 2017 the Trust appointed a new Chief Executive who outlined the transition needed to be a high- performing MAT;

1. A vision that is difficult to argue with, modelled and shared at every opportunity
2. An unrelenting focus on standards
3. A model of school improvement, shared consistently (80/20)
4. A scheme of delegation that places responsibility with accountability
5. A curriculum that provides the best opportunities for our children whilst at the same time controlling finance and outcomes
6. Constantly talent spot, invest in professional development and build capacity in advance of need – scaling up without compromising quality
7. A committed and talented top team who have expertise and credibility
8. A group of subject specialist directors who are practitioners and are equally accountable for results – deployed by the Executive

All academies in Northern Education Trust work closely with each other as a “family of schools”. The strength of the Trust comes from each academy individually and collectively to form a Trust with one single vision and shared set of values. Together the Trust works continuously to ensure that all young people, irrespective of need and starting point, receive an excellent education and wider opportunities.

The Trust recognises the needs of all its pupils and students and its decision making is driven entirely by what is best for children. By doing this we enhance the life chances of the children and young people in our care. Meeting the needs of our most vulnerable and challenging children is a priority in all academies with close relationships with parents/carers developed and maintained as to raise attainment, resilience and high standards of behaviour. The table below shows the headline data for pupils / students;

Primary Phase	NoR	Girls %	Boys %	Pupil Premium %	Minority Ethnic Groups %	English as an Additional Language %	SEN Support %	SEN EHC %	School Deprivation Indicator
Abbey Park Primary Academy	222	55%	45%	46%	8%	2%	12%	3%	0.31
Frederick Nattrass Primary Academy	218	45%	55%	64%	10%	6%	16%	1%	0.32
Hilton Primary Academy	389	53%	47%	54%	23%	20%	21%	2%	0.35
Merlin Top Primary Academy	293	47%	53%	49%	27%	19%	24%	1%	0.38
Mount Pellon Primary Academy	345	51%	49%	36%	96%	74%	23%	1%	0.31
Norton Primary Academy	323	48%	52%	56%	8%	3%	13%	0%	0.32
Ryecroft Primary Academy	288	50%	50%	57%	27%	19%	24%	1%	0.37
The Ferns Primary Academy	381	46%	54%	42%	37%	31%	12%	1%	0.32
The Oak Tree Primary Academy	315	50%	50%	67%	9%	7%	16%	0%	0.44
All Primary Academies	2774	49.5%	50.5%	51.8%	29.3%	22.0%	18.0%	1.1%	0.35

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Objectives and activities (continued)**

Secondary Phase	NoR	Girls %	Boys %	Pupil Premium %	Minority Ethnic Groups %	English as Additional Language %	SEN Support %	SEN EHC %	School Deprivation Indicator
Dyke House Academy	1239	50%	50%	51%	6%	4%	10%	1%	0.36
Kearsley Academy	596	47%	53%	44%	8%	7%	11%	3%	0.26
Kirk Balk Academy	1194	48%	53%	30%	3%	2%	8%	2%	0.24
Manor Academy	1060	50%	50%	55%	3%	1%	14%	3%	0.33
North Shore Academy	664	51%	49%	66%	8%	4%	14%	1%	0.39
Red House Academy	458	48%	52%	63%	1%	1%	16%	0%	0.44
The Blyth Academy	783	51%	49%	53%	3%	2%	10%	1%	0.33
The Grangefield Academy	734	47%	53%	55%	18%	10%	16%	2%	0.35
Thomas Hepburn Academy	166	44%	56%	55%	11%	10%	8%	1%	0.38
Thorp Academy	975	49%	51%	27%	5%	1%	7%	2%	0.18
All Secondary Academies	6630	48.7%	51.3%	46.8%	6.0%	3.4%	11.2%	1.9%	0.30

The Trust has developed and implemented through the Scheme of Delegation a number of consistent system led models and processes to provide a culture that is both tight and deep in terms of how academies and senior leaders operate throughout the Trust. Trustees recognise the actions that have been taken which include in summary:

1. Continued development of the NORTHERN Model of school improvement:
  - No exceptions and no excuses
  - Outstanding leadership with integrity focused on outcomes, vision and values
  - Relentless focus on standards
  - Teaching and learning delivered and sustained to a high level in the classroom
  - High expectations in behaviour and staff performance
  - Enrichment in curriculum and beyond
  - Recruitment, Retention and Staff Development
  - Network development and system leadership
2. A continued development of the delegations approved by the Scheme of Delegation in relation to statutory requirements, sector best practice and operational support to better meet the best needs of children and value for money.
3. Further enhance the curriculum across all academies to better meet the needs of children with a strong link to financial planning using the parameters of a bonus of 8% and 0.79 contact ratio.
4. Continued support from Trustees to drive school improvement and increase the number of Directors of Subject and Directors of Learning alongside other areas of school improvement.

**Public benefit**

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

**Strategic report**

**Achievements and Performance**

**Overall**

The Trust continues to see significant improvement in both the attainment and progress of its pupils and students. This improvement is recognised in the Ofsted inspections undertaken during the year;

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

(continued)

Academy	Date of Inspection	OE	L&M	Judgement
Abbey Park	Jun-17	2	2	Good
Badger Hill	Jul-19	2	2	Good
Blyth	May-17	3	3	Requires Improvement
Dyke House	Mar-19	2	2	Good
Frederick Nattrass	May-16	2	2	Good
Freebrough	N/A	N/A	N/A	N/A
Grangefield	Nov-16	2	2	Good
Hilton	Jun-18	1	1	Outstanding
Kearsley	Mar-19	3	3	Requires Improvement
Kirk Balk	Sep-17	3	2	Requires Improvement
Manor Academy	Feb-18	3	3	Requires Improvement
Merlin Top	Mar-19	1	1	Outstanding
Mount Pellon	Jan-19	2	2	Good
North Shore	Oct-18	3	2	Requires Improvement
Norton	Apr-19	2	2	Good
Oak Tree	May-17	3	2	Requires Improvement
Red House	Jan-18	4	3	Serious Weaknesses
Ryecroft	Jan-19	2	2	Good
The Ferns	Jun-16	2	2	Good
Thorp	Apr-19	2	2	Good
Whitecliffe	Jul-19	2	2	Good

**Frederick Nattrass – Ofsted Report**

*The principal, with effective support from the vice-principal and representatives of Northern Education Trust, is ensuring continual improvement in the school's performance.*

**Hilton - Ofsted Report**

*New monitoring systems introduced by the Trust have intensified systems of accountability. The Trust is closely involved in tracking progress and measuring the ongoing effect of improvement strategies. School leaders have responded purposefully to new 'non-negotiable' systems, introduced by the new chief executive of Northern Education Trust.*

**Blyth - Ofsted Report**

*The Trust has worked effectively to build leadership capacity. Subject directors employed centrally by the Trust have been deployed to support and challenge staff. The Trust is planning a full review of SEN provision in July 2018, ahead of the creation of a stronger inclusion team in September 2018, including the promotion of the special education needs coordinator to senior leader. Since the appointment of the new chief executive, the Trust has intensified support for the school. While these actions are yet to bear fruit, Trust and school leaders have a good handle on the issues they face and the urgent action that is needed.*

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

(continued)

Primary Phase

The 2019 attainment results represent a marginal improvement on the previous year but significant improvement has been achieved in some academies individually. Nationally, the number of children achieving the expected standard improved by 1% on last year to 65% and this was mirrored in the Trust. Whilst the number of children achieving the expected standard has not increased significantly this year, progress results have improved further. From 2018 to 2019, Trust averages have improved from +0.9 to +1.5 in reading, +1.3 to +3.0 in writing and have remained stable at +2.2 in maths. This progress demonstrates the positive impact of improvement work this year, given that the national comparator remains 0.

READING, WRITING & MATHEMATICS COMBINED PERCENTAGE	National 2018 (All pupils 2019)	FFT5 2019	FFT20 2019	NET Actual 2019	Last Prediction	% Points Difference between National & NET Actual	% Points Difference between FFT5 & NET Actual	% Points Difference between FFT20 & NET Actual	% Points Difference Prediction & NET Actual
All pupils (404)	65	73	59	65	75	0	-8	6	-10
Male (202)	61	66	54	59	70	-2	-7	5	-11
Female (202)	68	80	64	70	80	2	-10	6	-10
High prior attainment (34)	95	100	100	98	100	3	-2	-2	-2
Middle prior attainment (263)	59	91	70	73	86	14	-18	3	-13
Low prior attainment (67)	7	0	0	12	22	5	12	12	-10
Disadvantaged (235)	51	70	56	58	69	7	-12	2	-11
SEND (93)	21	33	19	30	34	9	-3	11	-4
EAL (133)	63	65	47	62	73	-1	-3	15	-11

**Distribution of Progress Scores Nationally (Provisional for 2019)**

2017	READING	WRITING	MATHS	2018	READING	WRITING	MATHS	2019	READING	WRITING	MATHS
Top 5%	4.4 and above Frederick Nattress (+5.2)	3.8 and above The Ferns (+5.2)	4.4 and above	Top 5%	4.0 and above	3.5 and above	4.1 and above Frederick Nattress (+4.1)	Top 5%	4.1 and above	3.9 and above Mount Pelton (+4.7) Norton (+4.1) Hilton (+4.0)	3.9 and above
Top 25% (Next 20%)	1.8 to 4.3 The Ferns (+2.7)	1.6 to 3.7 Oak Tree (+3.6) Norton (+2.5)	1.8 to 4.3 Frederick Nattress (+4.2) The Ferns (+3.0) Abbey Park (+2.6)	Top 25% (Next 20%)	1.7 to 3.9 Merlin Top (+3.9) Frederick Nattress (+3.1) Oak Tree (+2.6)	1.5 to 3.4 Oak Tree (+3.2) The Ferns (+2.5) Norton (+2.5) Hilton (+2.2) Southmere (+1.6) Merlin Top (+1.5)	1.7 to 4.0 Merlin Top (+3.9) Mount Pelton (+3.0) The Ferns (+2.8) Norton (+2.4) NET KS2 2018 (+2.2) Oak Tree (+1.0) Abbey Park (+1.8)	Top 25% (Next 20%)	1.7 to 4.0 Frederick Nattress (+3.5) Hilton (+3.5) Norton (+2.9) Mount Pelton (+2.8) Merlin Top (+1.8)	1.5 to 3.2 The Ferns (+3.1) NET KS2 2019 (+3.0) Frederick Nattress (+2.9) Merlin Top (+2.6) Oak Tree (+1.6)	1.6 to 3.8 Norton (+3.8) The Ferns (+3.5) Hilton (+3.1) Frederick Nattress (+2.5) Mount Pelton (+2.2) NET KS2 2019 (2.2+)
Top 40% (Next 15%)	0.8 to 1.7 Oak Tree (+0.9)	0.8 to 1.5 Southmere (+1.4) NET KS2 2017 (+1.2) Ryecroft (+1.0) Hilton (+0.9)	0.7 to 1.7 Mount Pelton (+0.9) NET KS2 2017 (+1.2) Oak Tree (+1.4) Norton (+1.4) Ryecroft (+1.4) Southmere (+0.7)	Top 40% (Next 15%)	0.8 to 1.6 Abbey Park (+1.2) Norton (+1.2) Mount Pelton (+1.0) NET KS2 2018 (+0.9) The Ferns (+0.8)	0.7 to 1.4 NET KS2 2018 (+1.3) Southmere (+0.9) Hilton (+0.7) Ryecroft (+0.6)	0.6 to 1.6 Southmere (+0.9) Hilton (+0.7) Ryecroft (+0.6)	Top 40% (Next 15%)	0.7 to 1.6 NET KS2 2019 (+1.5) The Ferns (+1.3)	0.7 to 1.4 Ryecroft (0.9)	0.6 to 1.5 Merlin Top (+1.0) Ryecroft (0.9)
Middle 20%	-0.4 to 0.7 NET KS2 2017 (+0.1) Norton (0.1) Abbey Park (+0.2)	-0.3 to 0.7 Frederick Nattress (+0.6)	-0.5 to 0.6 Hilton (+0.4)	Middle 20%	-0.4 to 0.7	-0.3 to 0.6	-0.6 to 0.5	Middle 20%	-0.4 to 0.6 Oak Tree (+0.2)	-0.3 to 0.6	-0.5 to 0.5 Oak Tree (+0.5)
Bottom 40% (Next 15%)	-1.4 to -0.5 Southmere (-0.7) Ryecroft (-0.9) Hilton (-1.1) Mount Pelton (-1.4)	-1.3 to -0.4 Merlin Top (-0.6)	-1.6 to -0.6	Bottom 40% (Next 15%)	-1.3 to -0.5 Ryecroft (-1.1)	-1.2 to -0.4 Mount Pelton (-0.8) Frederick Nattress (-1.4)	-1.6 to -0.7	Bottom 40% (Next 15%)	-1.4 to -0.5	-1.1 to -0.4 Abbey Park (-0.8)	
Bottom 25% (Next 20%)	-3.8 to -1.5 Merlin Top (-2.7)	-3.9 to -1.4 Abbey Park (-1.5) Mount Pelton (-1.6)	-4.2 to -1.7 Merlin Top (-2.2)	Bottom 25% (Next 20%)	-3.7 to -1.4 Southmere (-1.5) Hilton (-2.2)	-3.6 to -1.3 Abbey Park (-1.3) Ryecroft (-1.6)	-4.1 to -1.7	Bottom 25% (Next 20%)	-3.6 to -1.5 Ryecroft (-2.0) Abbey Park (-2.4)	-3.4 to -1.2	-3.9 to -1.6 Abbey Park (-2.6)
Bottom 5%	-3.9 and below	-4.0 and below	-4.3 and below	Bottom 5%	-3.8 and below	-3.7 and below	-4.2 and below	Bottom 5%	-3.7 and below	-3.5 and below	-4.0 and below

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**(continued)**

Special Educational Needs and Disabled (SEND) children performed well at the end of Key Stage 2 when compared with the same group nationally last year (30% to 21%). Similarly, the percentage of disadvantaged children achieving the expected standard in NET exceeded that seen nationally (58% to 51%).

There have been a number of changes at senior levels within the primary phase. Chris Walton has now been appointed as Executive Principal working across Ryecroft, Mount Pellon, Merlin Top, The Ferns and Abbey Park. James Howard has been appointed as Acting Associate Principal of the Ferns and Mount Pellon, with Danielle Broadbent as Acting Principal of The Ferns.

Secondary Phase

Improvements in English and Maths at 4+ and 5+ are very strong this year. The most notable successes are as follows:

1. Grangefield achieved a P8 score of +0.66, the highest in the North East.
2. Significant improvement was made in four academies, who were all amongst the top 20 nationally for the increase in English and Maths at 4+ since 2017. They were:
  - a. Thomas Hepburn
  - b. Blyth
  - c. Red House
  - d. Kearsley
3. In four out of the ten academies more students achieved 5+ in both English and Maths than was achieved at 4+ in 2017 (Thomas Hepburn, Blyth, Kearsley and Red House). This means that in these academies more children are now achieving a strong pass than were originally achieving a pass.
4. At both 4+ and 5+ the percentage of children in the Trust achieving a pass has increased on average by 14% between 2017 and 2019 compared with relatively stable results nationally.
5. Progress 8 has improved in 7/10 academies from 2017 with average improvement across the Trust at +0.15. The biggest positive change was at Thomas Hepburn with an increase of +0.82 since 2017. We expect much greater increases next year when the new curriculum will have fully embedded.
6. KS4 results for SEND students showed improvements from 2018 in English and maths at grades 5+ (+7.7%), English and maths at grades 4+ (+0.2%) and Progress 8 (+0.31). For disadvantaged students, all three headline measures showed improvements from 2018, with English and maths at grades 5+ improved by 4.1%, grades 4+ improved by 7.4% and Progress 8 improved by 0.26.

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## TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

Overall	Blyth	Dyke - House	Grange- field	Kearsley	Kirk Balk	Manor	North Shore	Red- House	Thomas Hepburn	Thorp	Trust
Students	148	229	105	102	197	210	123	110	70	151	1445
APS	29.3	28.7	27.9	28.0	28.7	28.3	27.7	28.2	28.0	28.5	28.4
English 4+	70.9%	79.0%	93.3%	74.5%	83.8%	67.1%	71.5%	70.9%	78.6%	76.2%	76.3%
English 5+	56.8%	57.2%	80.0%	62.7%	70.1%	50.5%	52.0%	59.1%	70.0%	60.9%	60.7%
Maths 4+	73.6%	73.8%	76.2%	66.7%	78.7%	70.0%	69.1%	61.8%	70.0%	82.1%	72.9%
Maths 5+	60.1%	47.6%	57.1%	57.8%	61.4%	50.0%	51.2%	46.4%	50.0%	68.2%	55.0%
English & Maths 4+	63.5%	67.2%	76.2%	64.7%	75.1%	61.0%	63.4%	58.2%	68.6%	70.9%	66.9%
English & Maths 5+	48.0%	40.2%	53.3%	52.0%	55.8%	40.0%	38.2%	42.7%	47.1%	54.3%	46.7%
Attainment 8	41.75	45.32	50.59	41.66	46.06	43.18	40.77	39.60	40.04	49.01	44.18
Progress 8	-0.57	-0.08	+0.66	-0.36	-0.01	-0.21	-0.18	-0.52	-0.34	+0.32	-0.12
Students with 1+ empty P8 Slots	11 (7%)	7 (3%)	0 (0%)	2 (2%)	1 (1%)	14 (7%)	7 (6%)	3 (3%)	3 (4%)	0 (0%)	112 (8%)
Students with missing English slot	11 (7%)	7 (3%)	0 (0%)	2 (2%)	1 (1%)	14 (7%)	7 (6%)	3 (3%)	3 (4%)	0 (0%)	18 (1%)
Students with missing maths slot	11 (7%)	5 (2%)	3 (3%)	3 (3%)	3 (2%)	14 (7%)	8 (7%)	6 (5%)	3 (4%)	0 (0%)	25 (2%)
Students with missing Ebacc slot	21 (14%)	11 (5%)	6 (6%)	16 (16%)	28 (14%)	45 (21%)	28 (23%)	11 (10%)	14 (20%)	8 (5%)	60 (4%)
Students with missing Open slot	45 (30%)	15 (7%)	8 (8%)	12 (12%)	11 (6%)	25 (12%)	25 (20%)	21 (19%)	20 (29%)	4 (3%)	95 (7%)
Ebacc Entries	5.4%	28.4%	44.8%	5.9%	40.1%	6.2%	13.0%	0.0%	0.0%	21.2%	18.4%
Ebacc Achieved 4+	3.4%	7.4%	24.8%	3.9%	13.7%	4.8%	3.3%	0.0%	0.0%	18.5%	8.4%
Ebacc Achieved 5+	2.7%	2.6%	13.3%	1.0%	8.1%	4.3%	2.4%	0.0%	0.0%	12.6%	5.0%
Ebacc APS	3.4	3.7	4.2	3.2	3.8	3.3	3.2	3.1	3.1	4.1	3.55

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

(continued)

**Key Performance Indicators (KPI)**

**Academy Performance**

The summary examination results for 2018/19 academic year are shown below for both primary and secondary academies.

	Reading			Writing			Maths			RW&M Combined		
Primary Academy	18/19	17/18	16/17	18/19	17/18	16/17	18/19	17/18	16/17	18/19	17/18	16/17
Abbey Park	64%	83%	67%	80%	73%	67%	72%	93%	76%	60%	73%	62%
Frederick Nattrass	91%	85%	92%	100%	78%	73%	100%	85%	77%	91%	78%	73%
Hilton	56%	46%	67%	63%	73%	80%	62%	71%	72%	48%	44%	59%
Merlin Top	70%	73%	53%	67%	71%	65%	65%	76%	63%	63%	67%	47%
Mount Pellon	65%	66%	51%	72%	65%	49%	69%	72%	58%	57%	54%	39%
Norton	79%	84%	60%	89%	86%	74%	86%	86%	66%	75%	81%	55%
Ryecroft	53%	48%	56%	63%	64%	67%	70%	56%	67%	50%	44%	48%
Southmere		54%	47%		65%	59%		58%	54%		47%	44%
The Ferns	76%	77%	62%	86%	88%	80%	88%	82%	76%	75%	70%	56%
The Oak Tree	77%	81%	66%	82%	81%	75%	77%	76%	72%	73%	76%	60%

	English & Maths C+/4+			English & Maths C+/5+		
Secondary Academy	2018/19	2017/18	2016/17	2018/19	2017/18	2016/17
Blyth	64%	49%	32%	48%	31%	18%
Dyke House	67%	65%	69%	40%	41%	42%
Grangefield	76%	76%	61%	53%	60%	35%
Kearsley	65%	64%	42%	52%	48%	29%
Kirk Balk	75%	73%	64%	56%	56%	43%
Manor	61%	53%	52%	40%	31%	32%
North Shore	63%	55%	50%	38%	33%	30%
Red House	58%	45%	33%	43%	23%	21%
Thomas Hepburn	69%	53%	33%	47%	42%	21%
Thorp	71%	71%	61%	54%	53%	38%

**Pupil Attendance**

The pupil attendance and persistent absence rates at primary and secondary academies are shown below with previous years for comparative purposes. Data for 2015/16 to 2017/18 relates to the full year. Data for 2018/19 is the latest nationally published and relates to autumn and spring terms only.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

(continued)

	Attendance				Persistent Absence			
Primary Phase	201819	201718	201617	201516	201819	201718	201617	201516
Abbey Park	96.1%	95.6%	96.0%	95.6%	11.1%	8.9%	7.3%	13.5%
Frederick Nattrass	94.4%	94.5%	95.1%	95.5%	18.3%	14.4%	12.8%	11.6%
Hilton	93.0%	93.3%	93.8%	93.6%	23.8%	20.4%	21.0%	22.5%
Merlin Top	96.3%	96.0%	95.1%	94.8%	10.6%	9.6%	15.0%	16.0%
Mount Pellon	96.3%	96.1%	95.7%	96.1%	10.7%	9.0%	11.6%	9.1%
Norton	95.3%	95.4%	95.5%	95.4%	9.4%	9.1%	11.5%	11.4%
Ryecroft	94.5%	94.2%	93.9%	93.0%	16.1%	15.8%	23.2%	22.5%
Southmere		93.8%	93.9%	94.6%		22.1%	21.6%	15.4%
The Ferns	95.3%	94.1%	94.5%	94.6%	15.2%	20.1%	20.0%	16.7%
The Oak Tree	96.2%	95.5%	94.8%	94.7%	6.4%	9.3%	17.7%	14.0%

	Attendance				Persistent Absence			
Secondary Phase	201819	201718	201617	201516	201819	201718	201617	201516
Blyth	91.0%	89.3%	93.7%	93.8%	22.4%	31.6%	14.8%	16.1%
Dyke House	92.3%	91.5%	94.0%	94.8%	23.9%	25.8%	13.5%	10.4%
Grangefield	94.1%	94.5%	94.6%	94.6%	17.2%	15.9%	14.7%	9.7%
Kearsley	92.0%	92.1%	93.3%	93.0%	22.8%	25.0%	21.1%	19.1%
Kirk Balk	94.4%	94.6%	94.6%	94.2%	15.6%	14.6%	12.1%	14.9%
Manor	91.4%	90.1%	92.8%	93.3%	25.3%	29.0%	21.0%	18.6%
North Shore	92.5%	90.8%	91.6%	91.4%	23.7%	30.9%	28.8%	25.5%
Red House	90.9%	85.9%	92.7%	93.7%	24.6%	44.8%	21.4%	17.5%
Thomas Hepburn	86.7%	90.9%	89.5%	92.5%	45.8%	24.8%	29.3%	23.3%
Thorp	94.5%	94.1%	95.0%	95.1%	12.1%	15.6%	11.8%	12.5%

**Financial KPI's**

	2018/19	2017/18
<b>Staff Costs as a % of GAG</b>		
Total staff costs (excluding supply and restructure costs)	81.0%	84.0%
Teachers	52.4%	51.5%
Support	14.8%	15.6%
Administration	13.8%	16.9%
<b>Current Ratio</b>	2.55	2.66
<b>Reserves as a % of 2/12ths target</b>	63.17%	62.27%
<b>Creditor Days</b>		
The average amount of time it takes to pay creditors	22	20

**Going Concern**

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



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**(continued)**

**Financial Review**

The Trust's accounting period is from September 2018 to August 2019.

Most of the Trust's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Academies also receive grants for their major assets from the ESFA and via the Local Authorities. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities (SOFA) as Restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £79,481k (2018: £84,622k) was met by recurrent grant funding from the ESFA, other incoming resources and funding carried forward from the previous year. The deficit of income over expenditure for the year was £6,969k (2018: £11,424k). This deficit, along with losses on defined pension schemes of £12,318k, added to prior year reserves of £125,871k provides overall cumulative reserves for the year ended 31 August 2019 of £106,584k.

On the 31st August 2019 Thomas Hepburn Community Academy closed. Land and buildings were impaired in the 2017/18 financial statements by £5,876k and there was a carrying value held on the balance sheet that reflected the value of the land and buildings at that time. The value of the land and buildings were fully written-down in line with the closure of the academy during the year to 31 August 2019.

On the 1st January 2019 Southmere Primary Academy transferred to Delta Academies Trust. The value of the assets and liabilities at the date of transfer shown at a transfer cost of £2,470k in the financial statements.

At 31 August 2019 the net book value of tangible fixed assets was £128,899k (2018: £133,302k) and movements in Tangible Fixed Assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies within the Trust.

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

The Trust continues to enhance its central team function by increasing resources in school improvement from;

1. The appointment of secondary and primary directors of subjects and learning
2. The appointment of a number of posts in Communications, Compliance, Procurement, Estates and Web Development.

The Trust has also continued to recruit and invest in Business Managers, creating a number of new roles to further support school improvement.

Expansion of the Trust is planned for the forthcoming year, with three academies transferring to the Trust on the 1st September 2019, these are Freebrough Academy, Badger Hill Academy and Whitecliffe Academy, bringing the total number of academies in the Trust to 21.

During the forthcoming financial year, the Trust will continue to invest in systems and intends to introduce a new Risk Management and Policy Management system.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**(continued)**

**Reserves policy**

The level of reserves to be held by individual academies and then as a Trust overall has been considered using both Trustee knowledge and experience coupled with best practice from CIPFA Treasury Management (in public services) and NPC Charity Financial Analysis.

The Trust policy has been prepared to help satisfy five main purposes;

1. To support Trustees in their statutory responsibilities and to manage effectively public funds in the provision of managing NET and delivering its objectives and priorities.
2. To emphasise the overriding importance of effective risk management as the foundation for ensuring organisational going concern. The main risks being managed at present relate to funding adjustments, declining student numbers, excessive increases in student numbers, proposed changes in funding and operational activities both internally and externally.
3. To provide transparency in decision making including providing clarity over the use of banking services and financial instruments that NET may plan to use for the prudent management/investment.
4. To encourage the pursuit of value for money and to promote the reasoned use, development and appreciation of resources to improve school improvement.
5. To assist those involved in the regulation and review of finance in the public services, particularly those charged with audit and governance.

Types of Reserves

Trust balances can be for "restricted" or "unrestricted" purposes depending on the source of the funding:

*Unrestricted*

Unrestricted reserves can be defined as income funds from grants or donations that can be spent at the discretion of Trustees.

*Restricted*

Restricted reserves are mainly derived from government funded grants, through the ESFA, but may also include other grants or donations provided for a specific purpose. Restricted reserves must be used in accordance with the limitations outlined in the original funding agreement.

Key Principles

The key principles that underpin the Trust's approach to reserve management are:

- Budget setting, the principles are in line with those outlined in the Trust policy under "Budget Preparation"
  - o Academy Principals should ensure the Medium Term Financial Plan (MTFP) supports fully Trust Financial Regulations, is shared with their Leadership Team members and presented to the Academy Council for their consideration (but not approval as this is undertaken by the Trust).
  - o The Academy MTFP drafted by the Principal and submitted to the COFO will then be presented to CCG and ARC who will review academy budgets and either make recommendations or give approval for the current year's budget and the indicative following years.
- All reserves are Trust reserves
- The Trust's general reserve balance may be comprised of restricted or unrestricted reserves
- The Trust's reserves balance should only decrease due to capital investment and/or other organisational needs which shall at all times be approved by Trustees

Trust general reserves balance

Academies are to build reserves over the medium-term equivalent to two twelfths of the gross expenditure (i.e. two months revenue spending). This is in line with current ESFA thinking around prudence in relation to budgeting and best practice guidance. The current reserves target was based on 2014/15 gross expenditure and the target should be achieved over the medium term and/or at Trustees discretion. This may be updated as the MTFP is prepared each year but Trustees reserve the right to amend the policy in the interests of the Trust or specific academies. The target set is £11,289k.

Individual academy balances

For the purposes of monitoring, records of individual academy balances will be kept, however, at the year-end, any academy balances being carried forward will be considered as part of the policies and guidance in relation to reserves and budget setting. All funds remain that of the Trust and will be consolidated into the annual Financial Statements. However, individual academy reserve balances of £15,000 will be reported in the annual financial statements.

Each academy will report a £15,000 surplus, with any other surplus or deficit identified in the annual financial statements being consolidated into the Central Team reserves. The Trust's general reserves balance may be comprised of restricted or unrestricted reserves. Any balance in relation to restricted funding being consolidated into reserves will be reported to Trustees in a separate report.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**(continued)**

Academies leaving or joining the Trust

Should any academy not be part of the Trust in future periods the level of reserves and cash transferred with that academy will be equivalent to that which is shown in the annual financial statements of £15,000 under the analysis of Academies by Fund Balance section.

Should the academy have any restricted funds (which would be reported to Trustees at the time of the external audit being reported) would also be considered by Trustees as part of the academies funding.

An academy that joins the Trust will be given the medium term to build its reserves to the level required, i.e. 2/12ths, based on 2/12ths of its first year gross expenditure budget. Trustees will assess each academy on its own merits and make amends to this target or offer financial support and investment from reserves held.

Sinking funds

Sinking funds for specific regeneration projects (for example the replacement of an all-weather pitch) shall also be consolidated into the Trust's general reserve balance, however, separate records must be maintained and be identifiable by academies for future uses. Any sinking funds must be agreed annually by Trustees.

The unrestricted reserves held as at 31st August 2019 was £6,854k and the restricted general reserves for the same period were £277k. Although the Trust reserve target has not been achieved (The target of £11,289k was set as 2/12ths of the Trust expenditure of the 2015/16 accounts), the Trust continues to work towards this target by ensuring school budgets and associated staffing levels and resources are being planned and managed effectively over the medium term. Trustees however may decide to redirect financial resource to areas of priority and this has been the case during 2018/19 and going forward where reserves will be used to further support school improvement.

The Restricted Pension Fund is in deficit to the value of £32,499k (2018: £17,506k) as at the year end. However, this has been inherited upon conversion to Academy status and Trustees will continue to monitor this situation closely. It should be noted that this deficit does not present the Trust with a current liquidity problem or threat.

**Investment policy**

The Trust Audit and Risk Committee (ARC) is responsible for approving the Investment Policy and has on-going responsibility to ensure monitoring and review of any investment. All borrowing shall be authorised by ARC, undertaken in the name of NET and conform to any relevant funding body requirements. Investments should be made to further the Trusts charitable aims, but must ensure that investment risk is properly managed. The investment objectives based on prudence are;

1. To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximization.
2. Only invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn.
3. By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

**Principal risks and uncertainties**

The Trust identified two principal risks and uncertainties in the previous years' financial statements which were around future changes in levels of funding and pupil levels. These continue to be the principal risks and uncertainties faced and will be mitigated and monitored via the risk management framework put in place by the Trust.

More detailed and specific financial risks that are managed throughout the year are;

1. Liquidity risk: the Trust manages its resources, including sufficient working capital, so all its operating needs are met without the need for any external borrowing. A single bank account for academies has been developed and this has proven to be a significant factor in managing this risk. Surplus cash is invested through appropriate financial instruments as to maximise interest income without incurring excessive risks.
2. Interest rate risk: in the absence of borrowing and with low levels of current and expected interest rates, the Trust is not exposed to significant interest rate risk.
3. Credit risk: the Trust is subject to price inflation, but is funded by government alongside all other academies and schools, and credit risk is therefore considered to be negligible.
4. Brexit: the Trust continues and monitor the risks and uncertainty around Brexit and uses the guidance from central Government to understand the possible changing landscape of the sector and wider.

Risk Management

NET has been through a process to assess its current and future risks and to identify and implement strategies for addressing risks. This process allowed risks to be scored and prioritised in terms of their potential operational and financial impact, their likelihood of occurrence assessed and means of mitigation identified. The Trust Board has reviewed the risks to which the Trust is exposed, and considered in particular those relating to the strategic development of the Trust and its academies on-going performance, as well as its operational activities, and its finances.

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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**(continued)**

Trustees recognise and support fully the need for informed and effective systems of internal control and risk management. In summary the key risks identified and being monitored and managed are;

1. Educational Standards and Student Outcomes
2. Health and Safety/ Safeguarding
3. Reputation of the Trust
4. Resources- Finance (including Value for Money) and Human Resources
5. Resources- Academy Leadership and Effective Governance

**Fundraising**

The Trust encourages wider student opportunities across all of its academies with the Trust approach to funding some of these trips and events coming from fundraising activities.

The Trust does not work with or use any commercial participators or professional fundraisers. All funds from fundraising are recorded in the financial ledger and any activities and funds received are monitored by the academy Principal. Any complaints regarding fundraising should be referred to the Trust's complaints policy. The Trust does not promote any intrusive or persistent fundraising approaches and wishes to ensure the safeguarding and protection of the public, including vulnerable people.

**Plans for future periods**

Growth of the Trust was rapid during the first three years and the focus now is firmly fixed on our vision supporting student outcomes – child centred. The areas in summary to note for future periods would be;

1. Planned and significant investment in ICT, school improvement, leadership, capacity and recruitment and retention of teachers.
2. Changes in the current Trust portfolio of academies would be after close consideration by Trustees in relation to geography, current capacity and other due diligence and risks to be evaluated as academies are brokered. This is the case with the three academies that are transferring from Teesside Learning Trust on the 1st September 2019; Freebrough Academy, Badger Hill Academy and Whitecliffe Academy, whereby geographically the academies fit with the current portfolio of the Trust and capacity is available to support in school improvement.

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

There are no funds held as Custodian Trustee on behalf of others.

**Employee Consultation and Disabled Employees**

The Trust has an anti-discriminatory policy which specifically covers unfair treatment of any service user, employee or prospective employee on grounds of disability. The policy is available to all employees via a network based communication system and covers responsibility, employment access, complaints, training and monitoring.

The Trust recognises the importance of internal communications and as such has a policy of ensuring all employees are kept informed of developments within the organisation. The policy sets out the belief that teamwork through communication will lead to more efficient and effective service to both staff and beneficiaries. This is achieved through passing on information at regular team meetings and the Trust's newsletter. The Trust has an anti-discrimination policy which specifically covers unfair treatment of any service user, employee or prospective employee on grounds of disability. The policy is available to all employees via a network based communication system and covers responsibility, employment access, complaints, training and monitoring.

The Trust recognises equal opportunities as an integral part of the best practice it operates within its workplaces. NET has established equal opportunity in all areas of its activities including creating an environment in which the contribution and needs of all are valued.

Assessed disability access and toilets have been installed and where necessary and possible entrance ways enhanced and widened to enable wheelchair access to all main areas of the Trust's academies. The Trust is committed to support the employment of disabled persons in both recruitment and retention of employees who become disabled whilst in its employment, as well as through training, career development and general awareness and support.

The Trust recognises the importance of internal communications and as such has a policy of ensuring all employees are kept informed of developments within the organisation. The Trust believe that teamwork through communication will lead to more efficient and effective service to both staff and beneficiaries. This is achieved through passing on information at regular team meetings.

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**NORTHERN EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Auditor**

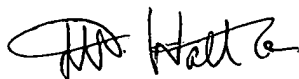
The appointment of RSM UK Audit LLP has been considered by Trustees and approved at the Audit and Risk Committee held on 6th March 2019.

**Disclosure of information to auditor**

The Trustees have confirmed that;

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

The Trustees' report incorporating the Strategic Report (included therein), is approved by the board of Trustees in their capacity as the directors at a meeting on 18 December 2019 and signed on its behalf by:



**L Walton**  
Chair of Trustees

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**NORTHERN EDUCATION TRUST**  
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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 4 times during the year.

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

Trustee	Meetings attended	Out of a possible
L Walton, Chairman	4	4
C Roberts	3	4
M Sanders	2	4
S Duncan	4	4
J Copping	4	4
T Grieveson	1	4
J Foster	4	4
G Edmunds	4	4
J Nolan, Staff Trustee	3	4
R Tarn, Chief Executive and Accounting Officer	4	4
J Kelly	0	0
A Hodgson	3	4

The Trust Board is ultimately responsible for overall control and direction, including the monitoring of performance and resources. The Board ensures that the trust operates effectively and within the agreed terms of our internal governance and upholds the approved vision and values. Trustees are accountable to external government agencies including the Department for Education (DfE) and Charity Commission (CC) for the quality of the education they provide and have systems in place through which they can assure themselves of quality, safety and good practice.

The Board delegates other matters to its sub-committees (set out below) and executive powers which are recorded in the Scheme of Delegation. The development and implementation of new consistent and standardised school improvement models and processes under the leadership of the new Chief Executive has provided Trustees with further oversight and offered greater scrutiny into outcomes and the use of resources. The Trust continues to review its governance structure and Trustees against DfE, CC and Education and Skills Funding Agency (ESFA) guidance. The assessment and review of governance is done promoting integrity and openness in accordance with the seven principles of public life (Nolan Principles).

Trustees have supported fully the requirement under the Academies Financial Handbook (AFH) for the Trust for the Board and its Committees to meet regularly enough to discharge their responsibilities and ensure robust governance and effective financial management. The Trust Board and Corporate Coordination Group (CCG) met on 10 occasions over the academic year 2018/19 against the AFH requirement of 6 meetings. CCG brings together the Trust Chair and Vice-Chair along with the Chairs of the sub committees to consider Board matters and allow for timely and responsive decision making in support of planned rapid school improvement.

**Governance reviews**

Board minutes continue to show the ongoing review of governance scheduled to be undertaken during the next financial year. The views of each Trustee have been requested and considered by the chair and vice chair. The Trust Board are continuing to review against sector requirements and best practice the roles, responsibilities and frequency of meetings.

Whilst discussions continue with Trustees there is great consideration to move further towards the requirements of the Academies Financial Handbook and other sector best practices.

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**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

The **Corporate Coordination Group** is a sub-committee of the main Board of Trustees. Its purpose is as follows:

**Strategic role**

- Co-ordination between the Achievement and Climate Committee and the Audit and Risk Committee on items of significant overlap between them in order that an aligned view taken on all issues of organisational significance prior to final consideration and sign off of issues by the board.
- Consider matters of urgency where a corporate view is required in between Board meetings.
- Consider impact of changes in policy by government, DFE, EFA and Ofsted and formulate the Trusts responses to the same.
- Formulate outline strategies, policies and plans for the Trust overall i.e. consider draft Business plan prior to submission to the Board.
- Agree which requests for academies to join the Trust should be agreed in outline and then receive and approve detailed business cases / due diligence information prior to formal agreement for new academies to join the Trust once received by the Audit and Risk Committee.
- Agree major restructures of academies / groups of academies within the Trust to ensure the strategic impacts of these are fully considered prior to implementation.
- Agree all matters in relation to the remuneration of Trustees and Officers that are not delegated to the Chief Executive by the Board / Scheme of Delegation.
- Agree the communications and recruitment strategies for the Trust.

**Finance Role**

- Consider/approve Trust/Academy annual budgets and three year plans making recommendations where necessary.
- Consider/approve Trust/Academy capital funding.
- Hold Academy Principals and Chairs of Governing Boards to account for financial planning and performance.
- Recommend to the Trust, the adoption of a three-year business plan and annual budgets.
- Review arrangements for securing value for money, solvency and safeguarding of assets.
- Investigate, or commission investigations into, variations in financial performance from budgeted targets.
- Consider in detail reports from the Chief Executive on issues related to assets, liabilities and capital.

**Scrutiny role**

- Maintain an overview of the Trust's performance management arrangements.
- Review selected aspects (both policy development and operation) of the Trust's programmes of improvement.
- Review selected aspects of the Trust's systems and organisational effectiveness.
- Consider the progress in implementing the Trust 3 year business plan against the measures of success.
- Make recommendations to the Trust Board and/or the Executive as appropriate.
- Review progress on recommendations made.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
L Walton	6	6
C Roberts	6	6
M Sanders	2	6
T Grieveson	6	6
J Copping	1	3
R Tarn	6	6

The **Audit and Risk Committee** is also a sub-committee of the main Board of Trustees. Its purpose is as follows:

**Overall**

- Maintain an oversight of the Trust's governance, risk management, internal control and value for money (VFM) framework. It will report its findings annually to the board and the Chief Executive as a critical element of the Trust's annual reporting requirements.
- The Audit Committee has no executive powers or operational responsibilities/duties

**Internal Control**

The Committee shall ensure that the internal control systems, including audit activities, of the Trust and any of its subsidiaries is monitored actively, independently and objectively in order to:

- Improve the effectiveness of the Trust's internal controls.
- Reinforce the independence and effectiveness of the internal audit function.
- Provide a sounding board for Trust management on issues of concern in connection with the Trust's internal control systems.
- Advise on the reliability of the Trust's information systems and processes.
- Review Trust financial statements and budgets (Revenue & Capital).
- Advise the Trust Board and CCSG on the appointment of internal and external auditors and providers of key financial systems i.e. Bank and General Ledger.
- Approve /consider procurement recommendations in line with Financial Regulations.
- Underpin the objectivity and independence of the external auditors.

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**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

- Increase stakeholder confidence in the objectivity and fairness of the Trust's financial reports and in the quality of the Trust's corporate governance.
- To provide a medium of communication from the Trust's auditors to the Trust which is seen to be independent of Trust management.
- To ensure that financial transactions are undertaken in accordance with the Trust's financial regulations.

**Risk Management and Value for Money Framework**

- To act as the Trust's Risk Management Group.
- Report on value for money of the Trust on a regular basis taking into account relevant comparator review the timeliness of, and reports on, the effectiveness of corrective action taken by the Trust's management.
- Review and approve the statements to be included in the annual report concerning internal controls and risk management, prior to consideration by the board.
- Receive reports from external bodies for example the Education Funding Agency and National Audit Office, and consider any issues raised along with management responses and action plans.
- Review the Trust's codes of conduct, ethics and related corporate responsibility policies and how these are communicated and monitored; and
- To review staff pension arrangements.

**Whistleblowing**

- Review the adequacy and security of the Trust's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Sanders - Chair	3	5
J Nolan	5	5
J Copping	4	5
R Tarn	5	5

The **Achievement and Climate Committee** is also a sub-committee of the main Board of Trustees. Its purpose is as follows:

- Consideration of the evidence in meeting the Key Performance Indicators set by the Trust and to hold the Leadership Team, whether Group or Academy, to account.
- Consideration of evidence about the academic attainment and progress of students over time.
- Consideration of the evidence about attendance and behaviour of students.
- Consideration of evidence about the quality of teaching and learning provided to students.
- Consideration of the evidence about the range and quality of extra-curricular provision experienced by students.
- Consideration of the quality of provision for staff development and its impact upon the quality of provision.
- To consider the views of parents and students about the quality of provision.
- To consider on behalf of the Trust Board the overall human resources strategy.
- To agree key personnel and staff development policies which form part of that strategy.
- To monitor the effectiveness of the Trust's human resources strategy.
- Consideration and approval of the curriculum and extra curriculum provision and the teaching and support staff resources required to deliver the entitlement curriculum in the academies.
- Consideration and approval of the Academies Improvement Plans – short and medium term.
- The consideration of the general view of the condition and suitability for learning of the academies buildings and sites and consideration of the quality of premises and the learning environment.
- To review the procedures for risk assessment of health and safety matters in academies and to ensure that Health and Safety issues are appropriately prioritised for action.
- To establish and review a Performance Management policy for all staff.
- Consideration and approval of the plans to develop and support the professional development of all staff, alongside the resources required.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
T Grieveson - Chair	5	5
J Foster	4	5
S Duncan	2	5
R Tarn (CEO and Accounting Officer)	4	5



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**NORTHERN EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money**

As accounting officer, the Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Chief Executive as Accounting Officer is personally responsible for the regularity and propriety of public funds and ensuring they are consistent with the purposes for which parliament intended. The continuous focus on improved value for money can be sought from the following examples below (which can be considered in detail from the narrative within the Trustees Report):

1. The Trust in both Primary and Secondary performance has improved on results in 2019 from the previous year. The Trustees Report shares many of these successes and improved outcomes for children, which in summary are:
  - a. The significantly improved secondary 4+ and 5+ attainment over the last two years which has increased by 14.1% and 13.8%.
  - b. The continued strong primary performance, highlighted by the progress scores of +1.5% reading, +3% writing and + 2.2% maths.
  - c. The judgements from Ofsted now consider all primary schools within the Trust to be good or better.
  - d. The strong corporate performance in ensuring value for money, probity and propriety continues evidenced from the improved scores in internal audit (72% 2017/18 to 89% 2018/19), renewed contracts in key areas that have realised both budget savings and greater quality in service delivery and finally the close working with the central government crown commercial service that will see NET as the first Multi Academy Trust to utilise the lot2 agency worker framework across all of its academies from January 2020.
2. Curriculum Led Financial Planning has driven the budget setting and medium term financial planning of academies. The introduction or application of a contact ratio of 0.79 and in secondary academies a bonus of 8% ensures financial viability and sustainability with curriculum breadth and student pathways across subjects.

**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 Northern Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The risk and control framework**

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Beevers and Struthers as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll and HR systems
- testing of Education and Skills Funding Agency, Academy Financial Handbook "musts"

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**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework (continued)**

- testing of Financial Management, Financial Administration and Procurement
- testing of Business Continuity, Risk Management, ICT, GDPR and Health and Safety

On a quarterly basis, the internal auditor reports to the board of Trustees through the audit and risk committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Academy Trust can confirm that the internal auditor delivered their schedule of work as planned.

**Review of effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Committee and a plan to address auditor recommendations and ensure continuous improvement of the system is in place.

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



.....  
**L Walton**  
Chair of Trustees



.....  
**R Tarn**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Northern Education Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



**R Tarn**  
Accounting Officer  
Date:

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**NORTHERN EDUCATION TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 on and signed on its behalf by:



.....  
**L Walton**  
**Chair of Trustees**

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**NORTHERN EDUCATION TRUST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN EDUCATION TRUST**

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**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education & 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**

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

**NORTHERN EDUCATION TRUST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN EDUCATION TRUST**  
**(CONTINUED)**

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 26, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



**Claire Leece (Senior statutory auditor)**  
for and on behalf of  
**RSM UK AUDIT LLP**  
Chartered Accountants  
Central Square, 5th Floor,  
29 Wellington Street, Leeds  
LS1 4DL

Date: 18/12/19

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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NORTHERN  
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

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**Conclusion**

We have carried out an engagement in accordance with the terms of our engagement letter dated 22 July 2019 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Northern Education Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Basis for conclusion**

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Annex B: Regularity Reporting. We are independent of Northern Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

**Responsibilities of Northern Education Trust's accounting officer and trustees**

The Accounting Officer is responsible, under the requirements of Northern Education Trust's funding agreement with the Secretary of State for Education dated 4 July 2012 and the Academies Financial Handbook extant from 1 September 2018, 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. The Accounting Officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Northern Education Trust and appointment of the Accounting Officer.

**Reporting Accountant's responsibilities for reporting on regularity**

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 2018 to 2019.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**NORTHERN EDUCATION TRUST**  
(A company limited by guarantee)

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

**Use of our report**

This report is made solely to Northern Education Trust and the ESFA in accordance with the terms of our engagement letter dated 22 July 2019. Our work has been undertaken so that we might state to the Northern Education Trust and the 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 Northern Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

*RSM UK Audit LLP*

**RSM UK AUDIT LLP**

Chartered Accountants  
Central Square, 5th Floor,  
29 Wellington Street, Leeds  
LS1 4DL

Date:

*18/12/19*



**NORTHERN EDUCATION TRUST**  
(A company limited by guarantee).

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

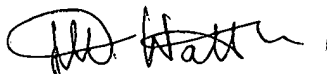
		Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
	Note						
<b>Income and endowments from:</b>							
Donations and capital grants	2	182	467	2,092	-	2,741	1,601
Charitable activities:							
Funding for the academy trust's educational operations		1,668	67,209	-	-	68,877	70,141
Other trading activities		888	-	-	-	888	1,207
Investments	4	6	-	-	-	6	3
<b>Total income and endowments</b>		<b>2,744</b>	<b>67,676</b>	<b>2,092</b>	<b>-</b>	<b>72,512</b>	<b>72,952</b>
<b>Expenditure on:</b>							
Charitable activities:							
Academy trust educational operations		2,905	69,730	4,376	-	77,011	78,746
Other educational operations - impairment of fixed assets		-	-	-	-	-	5,876
School transfer out	33	15	(474)	2,929	-	2,470	-
<b>Total expenditure</b>	6	<b>2,920</b>	<b>69,256</b>	<b>7,305</b>	<b>-</b>	<b>79,481</b>	<b>84,622</b>
Net gains on investments		-	-	-	-	-	246
<b>Net expenditure</b>		<b>(176)</b>	<b>(1,580)</b>	<b>(5,213)</b>	<b>-</b>	<b>(6,969)</b>	<b>(11,424)</b>
Transfers between funds	19	-	(818)	818	-	-	-
<b>Total transfers</b>		<b>-</b>	<b>(818)</b>	<b>818</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(176)</b>	<b>(2,398)</b>	<b>(4,395)</b>	<b>-</b>	<b>(6,969)</b>	<b>(11,424)</b>
<b>Other recognised gains/(losses):</b>							
Remeasurement of net defined benefit obligations	27	-	(12,318)	-	-	(12,318)	5,789
<b>Net movement in funds</b>		<b>(176)</b>	<b>(14,716)</b>	<b>(4,395)</b>	<b>-</b>	<b>(19,287)</b>	<b>(5,635)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		7,030	(17,506)	134,909	1,438	125,871	131,506
Net movement in funds		(176)	(14,716)	(4,395)	-	(19,287)	(5,635)
<b>Total funds carried forward</b>		<b>6,854</b>	<b>(32,222)</b>	<b>130,514</b>	<b>1,438</b>	<b>106,584</b>	<b>125,871</b>

**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07189647**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	13	84	35
Tangible assets	14	128,899	133,302
		<u>128,983</u>	<u>133,337</u>
<b>Current assets</b>			
Debtors	15	3,599	2,919
Cash at bank and in hand		13,101	13,286
		<u>16,700</u>	<u>16,205</u>
Creditors: amounts falling due within one year	16	(6,539)	(6,086)
<b>Net current assets</b>		<u>10,161</u>	<u>10,119</u>
<b>Total assets less current liabilities</b>		<u>139,144</u>	<u>143,456</u>
Creditors: amounts falling due after more than one year	17	(61)	(79)
<b>Net assets excluding pension liability</b>		<u>139,083</u>	<u>143,377</u>
Defined benefit pension scheme liability	27	(32,499)	(17,506)
<b>Total net assets</b>		<u>106,584</u>	<u>125,871</u>
<b>Funds of the Academy Trust</b>			
Endowment funds	19	1,438	1,438
<b>Restricted funds:</b>			
Fixed asset funds	19	130,514	134,909
Restricted income funds	19	277	-
		<u>130,791</u>	<u>134,909</u>
Restricted funds excluding pension asset	19	130,791	134,909
Pension reserve	19	(32,499)	(17,506)
<b>Total restricted funds</b>	19	<u>98,292</u>	<u>117,403</u>
<b>Unrestricted income funds</b>	19	<u>6,854</u>	<u>7,030</u>
<b>Total funds</b>		<u>106,584</u>	<u>125,871</u>

The financial statements on pages 31 to 65 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:



**L Walton**  
Chair of Trustees

**NORTHERN EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	256	(277)
<b>Cash flows from investing activities</b>	23	(423)	4,722
<b>Cash flows from financing activities</b>	22	(18)	(18)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		(185)	4,427
Cash and cash equivalents at the beginning of the year		13,286	8,859
<b>Cash and cash equivalents at the end of the year</b>	24	<hr/> <b>13,101</b> <hr/>	<hr/> <b>13,286</b> <hr/>

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**NORTHERN EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies**

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 Company status**

Northern Education Trust is a charity company (the 'Academy Trust'). The address of the trust's principal place of business is given on page 1. The nature of the trust's operations are set out in the Trustees' Report.

**1.2 Basis of preparation of financial statements**

The financial statements of the Academy Trust, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Northern Education Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

The principal accounting policies adopted are set out below.

**1.3 Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 Income**

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

**1.5 Grants receivable**

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

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

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

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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.6 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.

**1.7 Other income**

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

**1.8 Donated properties**

A donated property, being the gift of a fixed asset, is capitalised only when it is brought into use. The property is measured at existing use value, unless it is impractical to measure this reliably, in which case the cost of the property to the donor should be used. The property value is recognised as income in the restricted fixed asset funds and corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

**1.9 Interest receivable**

Interest receivable is included in the Statement of Financial Activities on a receivable basis.

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

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations including support costs and these costs relating to the governance of the Academy Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.11 Intangible assets**

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset over their expected useful lives on the following basis:

Computer software	-	20 % to 33.3% straight line basis
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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.12 Tangible fixed assets**

Assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the Statement of Financial Activities as incurred.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- 2% to 15% straight line basis
Furniture and fixtures	- 25% straight line basis
Computer equipment	- 25% straight line basis
Motor vehicles	- 25% straight line basis

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities (incorporating income and expenditure account).

**1.13 Leasehold Property**

Leasehold properties are recognised in the balance sheet at their depreciated replacement cost as specialised properties (in accordance with FRS 102 section 17). It is deemed appropriate to capitalise leasehold properties as the organisation will have full use of the asset for its useful economic life.

Where leasehold properties represent donated assets they are recognised in the Balance Sheet at fair value.

The fair value is determined through calculation by an independent expert; or historic cost transferred from previous Local Education Authority body; or internal valuation.

In accordance with FRS 102 section 27 where an event or circumstance arises that may indicate that the carrying value of the asset is not recoverable an impairment is recognised. This risk is assessed on annual basis by those charged with governance.

Where independent valuations for ESFA reporting requirements have been obtained, these are considered to represent such an event or circumstance. Due to the cost outweighing the benefit it is not the organisation's policy to obtain an independent valuation for every property recognised in the balance sheet.

Leasehold property is depreciated over its estimated useful economic life. Estimated useful economic life is determined by industry experience driven by information provided by independent experts.

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**NORTHERN EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.14 Liabilities**

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

**1.15 Leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term. Where the properties occupied by acquired academies are the subject of PFI contracts, consideration is given to the detailed items of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the Academy Trust. If there is such a transfer of risk and rewards such assets are accounted for under the policies for leasehold property set out above. If such risks and rewards are not transferred, the payments under the PFI contract are treated as operating lease payments.

**1.16 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net Gains/(losses) on investments' in the Statement of Financial Activities (incorporating income and expenditure account).

**1.17 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.

**1.18 Cash and cash equivalents**

Cash and cash equivalents 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.

**1.19 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.20 Financial instruments**

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

*Financial assets and liabilities*

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those

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**NORTHERN EDUCATION TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.20 Financial instruments (continued)**

financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

*Derecognition of financial assets and liabilities*

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

**1.21 Taxation**

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

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

**1.22 Short-term Employment Benefits**

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

**1.23 Pension Benefits**

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

**Teachers' Pension Scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**The Local Government Pension Scheme**

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and



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**NORTHERN EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**I. Accounting policies (continued)**

**1.23 Pension Benefits (continued)**

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 comprehensive income.

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

**1.24 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

Endowment funds are resources to be held on Trust to be retained for the benefit of the Academy Trust as a capital fund.

**1.25 Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA. The funds received and paid and any balances held with the ESFA are disclosed in note 32.

**1.26 Employee termination benefits**

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Academy Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.27 School transfers**

The net assets that relate to the school transferred out have been de-recognised under the appropriate balance sheet categories at the carrying value at the date of transfer with a corresponding amount recognised in charitable activities - transfer from the academy trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**1.28 Critical accounting estimates and areas of judgement**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that

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**NORTHERN EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

**Useful economic lives of tangible assets**

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment and note 1.11 for the depreciation accounting policy.

**Defined benefit pension scheme**

The company has the obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 27 for the disclosure relating to the defined benefit pension scheme.

**Property valuations**

When new schools join the Academy Trust, the new school land and buildings are included at a valuation at the date of transfer. This valuation is then treated as deemed cost. During the year no new school buildings were gifted to the Academy Trust.

Management have taken advice from professional valuers in determining the amounts at which those buildings are included in the financial statements.

**PFI**

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

- right to access/restrictions of use
- risks of ownership
- rewards of ownership
- substance of transaction
- any obligation to make capital contributions.

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**2. Income from donations and capital grants**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	182	18	-	200	171
Devolved Formula Capital	-	-	777	777	235
Other capital grants	-	449	1,315	1,764	1,195
	<u>182</u>	<u>467</u>	<u>2,092</u>	<u>2,741</u>	<u>1,601</u>
<i>Total 2018</i>	<u>171</u>	<u>476</u>	<u>954</u>	<u>1,601</u>	

**3. Income from other trading activities**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Charity trading income</b>			
School lettings	304	304	393
Utilities	22	22	32
Consultancy	25	25	34
Insurance claims	83	83	193
Other income	454	454	555
	<u>888</u>	<u>888</u>	<u>1,207</u>

**4. Investment income**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Bank Interest	6	6	3

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**5. Funding for the Academy Trust's trust's educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	57,460	57,460	58,970
Start up grants	-	-	-	29
Pupil Premium	-	5,565	5,565	5,855
Other DfE/ESFA grants	-	1,975	1,975	1,155
	-	65,000	65,000	66,009
<b>Other government grants</b>				
Local Authority grants	-	358	358	405
SEN from LA	-	692	692	790
Other Government Grants	-	43	43	44
Nursery Grants and EYSFF	-	1,116	1,116	1,019
	-	2,209	2,209	2,258
<b>Other funding</b>				
Catering income	1,260	-	1,260	1,389
Trip income	408	-	408	485
	1,668	-	1,668	1,874
	1,668	67,209	68,877	70,141

Unrestricted funds 2018 - £1,874k, restricted funds 2018 - £68,267k.

**6. Expenditure**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Trust's educational operations:					
Direct costs	45,262	-	6,370	51,632	51,537
Support costs	8,639	10,360	8,850	27,849	33,085
	53,901	10,360	15,220	79,481	84,622
<b>Total 2018</b>	55,414	13,669	15,539	84,622	

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**7. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Trust's educational operations	51,632	27,849	79,481	84,622
<i>Total 2018</i>	<i>51,537</i>	<i>33,085</i>	<i>84,622</i>	

Included in direct costs above are PFI costs of £522k in relation to Kirk Balk Academy.

**Analysis of support costs**

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	8,639	10,369
Depreciation, amortisation and impairment	7,305	10,054
Technology costs	908	1,006
Recruitment and support	112	164
Maintenance of premises and equipment	2,142	1,928
Administration	917	920
Cleaning	520	628
Energy costs	1,173	1,252
Rent, Rates and other occupancy costs	709	985
Insurance	468	571
Bank charges	-	16
Security and transport	538	477
Catering supplies	3,086	3,008
Other support costs	357	697
Governance costs	516	519
Defined benefit pension costs	461	491
	<b>27,849</b>	<b>33,085</b>

Expenditure on charitable activities was £79,481k (2018 - £84,622k) of which £2,920k (2018 - £2,964k) was unrestricted, £7,305k (2018 - £10,054k) was restricted fixed asset fund and £69,256k (2018 - £71,604k) was restricted general funds.

Included in depreciation above are the costs of transferring Land and Buildings in relation to Southmere Academy of £2,929k.

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**8. Net expenditure**

Net expenditure for the year includes:

	2019 £000	2018 £000
Depreciation of tangible fixed assets - owned by the charity	4,372	4,181
Impairment of fixed assets	-	5,876
Amortisation of intangible assets	10	2
Gain on disposal of fixed assets	(5)	(5)
Fees paid to RSM UK Audit LLP and its associates for:		
- audit services - statutory audit	59	73
- other services - audit	3	13
- other services - non audit	-	4
Operating lease charge	1,131	1,226
Net interest on defined benefit pension liability	458	488

**Fees payable for internal audit services**

Fees payable for internal audit services during the year were £38k (2018 - £37k).

**9. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	37,819	40,083
Social security costs	3,731	3,983
Pension costs	8,665	8,262
	50,215	52,328
Agency staff costs	2,756	2,009
Staff restructuring costs	930	1,077
	53,901	55,414

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	727	573
Severance payments	203	504
	930	1,077

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**9. Staff costs (continued)**

**b. Non-statutory/non-contractual staff severance payments**

**Staff severance payments**

Included in staff costs are non-statutory/non-contractual severance payments totalling £22,349 (2018 - £49,220). Individually, the payments were £2,080, £13,000, £3,000 and £4,269.

**c. Staff numbers**

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

	2019 No.	2018 No.
Teachers	585	645
Administration and support	974	1,098
Management	99	98
	1,658	1,841

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	552	623
Administration and support	557	614
Management	97	97
	1,206	1,334

**d. Higher paid staff**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	29	14
In the band £70,001 - £80,000	6	3
In the band £80,001 - £90,000	7	10
In the band £90,001 - £100,000	3	3
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	2	2
In the band £120,001 - £130,000	1	1
In the band £130,001 - £140,000	2	2
In the band £180,001 - £190,000	1	1

**e. Key management personnel**

The key management personnel of the Academy Trust comprise of the senior management team as listed on page 4. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the trust was £650,341 (2018: £414,610).

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**10. Central services**

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

- School improvement
- Financial management
- HR and legal advice
- Estates management
- Curriculum design
- Staff deployment
- Recruitment
- Audit services (internal and external)
- Data and Civica support
- Business services
- Health and safety
- Compliance and communications
- Marketing and media

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

A flat 5% of income received excluding targeted grants.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
The Blyth Academy	231	218
Dyke House Sports & Technology College	337	337
The Grangefield Academy	175	156
Kearsley Academy	174	166
Kirk Balk Academy	261	248
Manor Academy	309	310
North Shore Academy	200	197
Red House Academy	148	153
Thomas Hepburn Community Academy	87	144
Thorp Academy	230	246
Abbey Park Primary Academy	42	42
The Ferns Primary Academy	77	70
Frederick Nattrass Primary Academy	53	51
Hilton Primary Academy	84	83
Merlin Top Primary Academy	74	75
Mount Pellon Infants & Junior Primary Academy	96	110
Norton Primary Academy	72	76
The Oak Tree Academy	82	85
Ryecroft Primary Academy	69	74
Southmere Primary Academy	29	87
<b>Total</b>	<b>2,830</b>	<b>2,928</b>



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**11. Trustees' remuneration and expenses**

Principals and Staff Trustees and Directors only receive remuneration in respect of services they provide under the roles of Principals and staff members under their contracts of employments and not in respect of their services as Trustees or Directors. Other Trustees did not receive any payments from the Trust in respect of their role as Trustees.

Rob Tarn, Chief Executive, received remuneration of £187,775 (2018 - £183,000) and is accruing benefits under Teachers Pension Scheme. The contributions paid in the year amounted to £6,983 (2018 - £28,820).

Gareth Edmunds, a Director of the Trust received remuneration of £116,515 (2018 - £109,088) and is accruing benefits under Local Government Pension Scheme. The contributions paid in the year amounted to £17,797 (2018 - £17,454).

Related party transactions involving the Trustees are set out in note 30.

During the year ended 31 August 2019, travel and subsistence expenses totalling £2,195 (2018 - £2,449) were reimbursed to 5 (2018 - 4) Trustees.

**12. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the Academy Trust 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £7,848 (2018 - £5,480). The cost of this insurance is included in the total insurance cost.

**13. Intangible assets**

	<b>Computer software £000</b>
<b>Cost</b>	
At 1 September 2018	37
Additions	59
At 31 August 2019	<u>96</u>
<b>Amortisation</b>	
At 1 September 2018	2
Charge for the year	10
At 31 August 2019	<u>12</u>
<b>Net book value</b>	
At 31 August 2019	<u><u>84</u></u>
At 31 August 2018	<u><u>35</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Tangible fixed assets**

	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 September 2018	150,549	2,712	4,539	47	157,847
Additions	2,301	75	535	-	2,911
Disposals	(3,150)	(53)	(32)	-	(3,235)
At 31 August 2019	149,700	2,734	5,042	47	157,523
<b>Depreciation</b>					
At 1 September 2018	19,953	1,551	3,012	29	24,545
Charge for the year	3,159	520	685	8	4,372
On disposals	(269)	(12)	(12)	-	(293)
At 31 August 2019	22,843	2,059	3,685	37	28,624
<b>Net book value</b>					
At 31 August 2019	126,857	675	1,357	10	128,899
At 31 August 2018	130,596	1,161	1,527	18	133,302

On the 1st January 2019 Southmere Primary Academy transferred to Delta Academies Trust. The NBV of the assets transferred were £2,929k (note 33).

**15. Debtors**

	2019 £000	2018 £000
<b>Due within one year</b>		
Trade debtors	131	178
Other debtors	30	19
Prepayments and accrued income	2,598	2,001
VAT recoverable	840	721
	3,599	2,919

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**16. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	2,055	2,328
Other taxation and social security	900	971
Other creditors	862	930
Accruals and deferred income	2,722	1,857
	<u>6,539</u>	<u>6,086</u>

Included in other creditors due within one year is a loan of £17k from Salix which is provided on the following terms; repayment of £8,750 every 6 months, no interest is payable on the loan.

	2019 £000	2018 £000
<b>Deferred income</b>		
Deferred income at 1 September 2018	276	87
Resources deferred during the year	202	276
Amounts released from previous periods	(276)	(87)
<b>Deferred income carried forward</b>	<u>202</u>	<u>276</u>

Deferred income held at 31 August 2019 includes unspent trip income carried forward of £17k (2018 - £18k) and £185k (2018 - £258k) income from a catering provider, deferred over the life of the contract.

**17. Creditors: Amounts falling due after more than one year**

	2019 £000	2018 £000
Other loans	61	79

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019 £000	2018 £000
Payable or repayable by instalments	-	9
	<u>-</u>	<u>9</u>

Included in other creditors due after more than one year is a loan of £61k from Salix which is provided on the following terms; repayment of £8,750 every 6 months, no interest is payable on the loan.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Financial instruments**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Financial assets</b>		
Financial assets measured at fair value through income and expenditure	-	-
Financial assets that are debt instruments measured at amortised cost	1,971	1,370
	<u>1,971</u>	<u>1,370</u>
	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(4,574)	(4,793)
	<u>(4,574)</u>	<u>(4,793)</u>

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
Unrestricted funds	7,030	2,744	(2,920)	-	-	6,854
<b>Endowment funds</b>						
Endowment fund	1,438	-	-	-	-	1,438
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	57,909	(56,814)	(818)	-	277
Pupil premium	-	5,565	(5,565)	-	-	-
Other DfE/ESFA grants	-	1,975	(1,975)	-	-	-
Local Authority grants	-	358	(358)	-	-	-
SEN from Local Authority	-	692	(692)	-	-	-
Other government grants	-	43	(43)	-	-	-
Nursery grants and EYSPF	-	1,116	(1,116)	-	-	-
Donations	-	18	(18)	-	-	-
Pension reserve	(17,506)	-	(2,675)	-	(12,318)	(32,499)
	(17,506)	67,676	(69,256)	(818)	(12,318)	(32,222)
<b>Restricted fixed asset funds</b>						
DfE/ESFA grants	439	777	(14)	-	-	1,202
Other DfE capital grant	677	605	(1,304)	-	-	(22)
Sponsorship capital contribution	604	710	(43)	-	-	1,271
Assets inherited on conversion	120,192	-	(5,217)	-	-	114,975
Assets inherited on transfer	12,102	-	(338)	-	-	11,764
Capital expenditure from GAG	895	-	(389)	818	-	1,324
	134,909	2,092	(7,305)	818	-	130,514
<b>Total Restricted funds</b>	117,403	69,768	(76,561)	-	(12,318)	98,292
<b>Total funds</b>	125,871	72,512	(79,481)	-	(12,318)	106,584

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

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

- (i) GAG balance carry forward is to be used for recurrent expenditure in the forthcoming period. Under the Trust's Funding Agreement with the Secretary of State the Trust was not subject to a limit of GAG which could be carried forward as at 31 August 2019.
- (ii) Restricted Fixed Asset Funds relate to income received from the DfE, other government grants, transfers from GAG income and income from sponsors of individual companies prior to the merger of the Trust. The funds balance includes donated capital, being academy buildings, contents and ICT assets. The depreciation relating to the assets procured is charged against these funds over the life of the assets.
- (iii) Unrestricted Funds relate to funds brought forward upon individual schools integrating with the Trust and self-generated income by the Trust's Academies.
- (iv) Restricted Pension Fund is in deficit to the value of £32,499k (2018 - £17,506k) at the year end. However, this has been inherited upon conversion to Academy status. The Trustees will continue to monitor the situation closely.
- (v) A total of £Nil (2018 - £30k) has been transferred from endowment fund to restricted fixed assets for the purchase of capital items in the forthcoming year.

A total of £818k (2018 - £474k) has been transferred from unrestricted funds to restricted fixed asset funds to take account of the capital items that have been purchased using GAG funds.

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**19. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
The Ferns Primary Academy	15	15
Hilton Academy	15	15
Merlin Top Primary Academy	15	15
Mount Pellon Infants & Junior Academy	15	15
Ryecroft Primary Academy	15	15
Kearsley Academy	15	15
North Shore Academy	15	15
Dyke House Sports & Technology College	15	15
Abbey Park Primary Academy	15	15
Thomas Hepburn Community Academy	15	15
The Grangefield Academy	15	15
The Blyth Academy	15	15
Frederick Nattrass Primary Academy	15	15
The Oak Tree Academy	15	15
Norton Primary Academy	15	15
Southmere Primary Academy	-	15
Kirk Balk Academy	15	15
Manor Academy	15	15
Red House Academy	15	15
Thorp Academy	15	15
The Centre	<b>6,846</b>	<b>6,730</b>
Total before fixed asset funds and pension reserve	<b>7,131</b>	<b>7,030</b>
Restricted fixed asset fund	<b>130,514</b>	<b>134,909</b>
Endowment fund	<b>1,438</b>	<b>1,438</b>
Pension reserve	<b>(32,499)</b>	<b>(17,506)</b>
<b>Total</b>	<b>106,584</b>	<b>125,871</b>

Trustees take seriously their responsibility to ensure the Trust continues as a going concern over the medium term. Given the current overall economic climate, pressure on government spending, changes in establishing national oversight of academies and MAT's and funding of Local Government Pension Schemes (LGPS), medium term financial planning is a high priority for Trustees.

The Trust continues to successfully evidence an effective and progressive approach to Financial Planning and Management with a seamless link to both school improvement and continuous student welfare. Overall Trust Reserves have risen incrementally (2012/13: £2m to £7.1m in 2018/19) providing financial stability. Having this solid foundation, the Trust has been able to invest substantially in school improvement and IT throughout the year.

As per the reserves policy outlined in the Trustees' Report, Trustees have considered individual academy reserves within the Academy Trust with the plan going forward to manage funds (at £15k per academy) at a Trust level. These funds will better support a new, consistent and student focussed approach to school improvement across all academies.

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**19. 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 £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
The Ferns Primary Academy	1,334	203	47	422	2,006	1,798
Hilton Academy	1,891	215	90	509	2,705	2,298
Merlin Top Primary Academy	1,269	106	115	492	1,982	1,989
Mount Pellon Infants & Junior Academy	1,539	386	87	333	2,345	2,726
Ryecroft Primary Academy	1,168	196	57	469	1,890	1,974
Kearsley Academy	2,187	390	127	837	3,541	3,362
North Shore Academy	3,059	464	174	1,143	4,840	4,440
Dyke House Sports & Technology College	5,674	761	349	1,517	8,301	7,923
Abbey Park Primary Academy	768	183	52	212	1,215	1,107
Thomas Hepburn	959	230	34	896	2,119	2,861
The Grangefield Academy	2,681	435	140	931	4,187	3,847
The Blyth Academy	3,191	547	173	1,074	4,985	5,438
Frederick Nattrass Primary Academy	865	148	49	333	1,395	1,488
The Oak Tree Academy	1,693	219	80	418	2,410	2,171
Norton Primary Academy	1,461	135	50	400	2,046	1,966
Southmere Primary Academy	505	61	36	303	905	2,076
Kirk Balk Academy	3,943	430	264	2,018	6,655	6,086
Manor Academy	4,226	482	237	1,382	6,327	6,924
Red House Academy	2,075	530	110	971	3,686	3,820
Thorp Academy	4,110	491	199	1,056	5,856	5,418
The Centre	665	2,019	-	555	3,239	4,854
<b>Academy Trust</b>	<b>45,263</b>	<b>8,631</b>	<b>2,470</b>	<b>16,271</b>	<b>72,635</b>	<b>74,566</b>



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

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

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
<b>Unrestricted funds</b>						
Unrestricted funds	7,236	3,255	(2,964)	(670)	173	7,030
<b>Endowment funds</b>						
Endowment fund	1,405	-	-	(40)	73	1,438
<b>Restricted general funds</b>						
General Annual Grant (GAG)	327	59,446	(59,979)	206	-	-
Start up grants	-	29	(29)	-	-	-
Pupil premium	-	5,991	(5,991)	-	-	-
Other DfE/ESFA grants	-	1,155	(1,155)	-	-	-
Local Authority grants	-	438	(438)	-	-	-
SEN from Local Authority	-	621	(621)	-	-	-
Other government grants	-	44	(44)	-	-	-
Nursery grants and EYSFF	-	1,019	(1,019)	-	-	-
Pension reserve	(20,967)	-	(2,328)	-	5,789	(17,506)
	(20,640)	68,743	(71,604)	206	5,789	(17,506)
<b>Restricted fixed asset funds</b>						
DfE/ESFA grants	216	235	(12)	-	-	439
Other DfE capital grant	1,206	719	(1,248)	-	-	677
Sponsorship capital contribution	606	-	(32)	30	-	604
Assets inherited on conversion	128,416	-	(8,224)	-	-	120,192
Assets inherited on transfer	12,440	-	(338)	-	-	12,102
Capital expenditure from GAG	621	-	(200)	474	-	895
	143,505	954	(10,054)	504	-	134,909
<b>Total Restricted funds</b>	122,865	69,697	(81,658)	710	5,789	117,403
<b>Total funds</b>	131,506	72,952	(84,622)	-	6,035	125,871

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

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	128,899	-	128,899
Intangible fixed assets	-	-	84	-	84
Current assets	6,854	6,877	1,531	1,438	16,700
Creditors due within one year	-	(6,539)	-	-	(6,539)
Creditors due in more than one year	-	(61)	-	-	(61)
Provisions for liabilities and charges	-	(32,499)	-	-	(32,499)
<b>Total</b>	<b>6,854</b>	<b>(32,222)</b>	<b>130,514</b>	<b>1,438</b>	<b>106,584</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	133,302	-	133,302
Intangible fixed assets	-	-	35	-	35
Current assets	7,030	6,165	1,572	1,438	16,205
Creditors due within one year	-	(6,086)	-	-	(6,086)
Creditors due in more than one year	-	(79)	-	-	(79)
Provisions for liabilities and charges	-	(17,506)	-	-	(17,506)
<b>Total</b>	<b>7,030</b>	<b>(17,506)</b>	<b>134,909</b>	<b>1,438</b>	<b>125,871</b>

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**21. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of financial activities)	(6,969)	(11,424)
<b>Adjustments for:</b>		
Amortisation	10	2
Depreciation	4,372	4,182
Interest receivable	(6)	(3)
Defined benefit pension scheme cost less contributions payable	2,720	1,840
Defined benefit pension scheme finance cost	458	488
Increase in debtors	(680)	(290)
Increase in creditors	422	728
Impairment of fixed assets	-	5,876
Capital grants from DfE and other capital income	(2,541)	(1,430)
Investment gains	-	(246)
Transfer of fixed assets out	2,929	-
Transfer of cash out	44	-
Transfer of pension liability	(503)	-
<b>Net cash provided by/(used in) operating activities</b>	<b>256</b>	<b>(277)</b>

**22. Cash flows from financing activities**

	2019 £000	2018 £000
Cash outflow to Salix loan	(18)	(18)
<b>Net cash used in financing activities</b>	<b>(18)</b>	<b>(18)</b>

**23. Cash flows from investing activities**

	2019 £000	2018 £000
Investment income	6	3
Purchase of intangible assets	(59)	(37)
Purchase of tangible fixed assets	(2,911)	(1,621)
Capital grants from DfE Group	2,541	1,430
Disposal of other investments	-	4,947
<b>Net cash (used in)/provided by investing activities</b>	<b>(423)</b>	<b>4,722</b>

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**24. Analysis of cash and cash equivalents**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Cash in hand	13,101	13,286
<b>Total cash and cash equivalents</b>	<b>13,101</b>	<i>13,286</i>

**25. Contingent liabilities**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the trust is required either to re-invest the proceeds or to repay to the ESFA the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the trust serving notice, the trust shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the trust's assets held for the purpose of the trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**26. Capital commitments**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Contracted for but not provided in these financial statements	503	494

**27. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

The geographical location of the Trust's 19 academies means that the Trust is part of six different local government pension schemes. These are;

- Greater Manchester Pension Scheme
- Northumberland Pension Scheme
- Teesside Pension Scheme
- West Yorkshire Pension Scheme
- South Yorkshire Pension Scheme

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

Contributions amounting to £715k were payable to the schemes at 31 August 2019 (2018 - £738k) and are included within creditors.

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**27. Pension commitments (continued)**

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in April 2019. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.48%, (including 0.8% administration fee) which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £3,722k (2018 - £4,090k).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**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 2019 was £2,943k (2018 - £3,126k), of which employer's contributions totalled £2,223k (2018 - £2,373k) and employees' contributions totalled £720k (2018 - £753k). The agreed contribution rates for future years are 12.8% for employers and 5.5-12.5% for employees.

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') Equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pension Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

**McCloud Judgement**

In December 2018 the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 Government committed to extending a remedy across all public sector schemes which included

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**27. Pension commitments (continued)**

similar transitional protection arrangements, which includes the LGPS.

Provision has been made for a constructive obligation of £1,197k, included in Past Service Costs.

**Principal actuarial assumptions**

	<u>Rate of increase on salaries</u>		<u>Rate of increase for pensions in payment/inflation</u>		<u>Discount rate for scheme liabilities</u>	
	2019	2018	2019	2018	2019	2018
	%	%	%	%	%	%
Ferns	3.1	3.1	2.3	2.3	1.8	2.8
Hilton	3.5	3.5	2.0	2.0	1.9	2.8
Merlin Top	3.4	3.3	2.1	2.0	1.9	2.8
Mount Pellon	3.4	3.3	2.1	2.0	1.9	2.8
Ryecroft	3.4	3.3	2.1	2.0	1.9	2.8
Kearsley	3.1	3.2	2.3	2.4	1.8	2.8
North Shore	3.0	3.0	2.0	2.0	1.9	2.8
Dyke House	3.0	3.0	2.0	2.0	1.9	2.8
Abbey Park	3.4	3.3	2.1	2.0	1.9	2.8
Thomas Hepburn	3.5	3.5	2.0	2.0	1.9	2.8
Grangefield	3.0	3.0	2.0	2.0	1.9	2.8
Blyth	3.6	3.5	2.1	2.0	1.8	2.8
Frederick Natrass	3.0	3.0	2.0	2.0	1.9	2.8
Oak Tree	3.0	3.0	2.0	2.0	1.9	2.8
Norton	3.0	3.0	2.0	2.0	1.9	2.8
Southmere	3.4	3.3	2.1	2.0	1.9	2.8
Kirk Balk	3.4	3.4	2.1	2.2	1.8	2.8
Manor	3.0	3.0	2.0	2.0	1.9	2.8
Red House	3.5	3.5	2.0	2.0	1.9	2.8
Thorp	3.5	3.5	2.0	2.0	1.9	2.8
NET	3.5	3.5	2.0	2.0	1.9	2.8

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**27. Pension commitments (continued)**

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

	<b>Males</b>		<b>Females</b>	
	<b>Retiring today</b>	<b>Retiring in 20 years</b>	<b>Retiring today</b>	<b>Retiring in 20 years</b>
<b>Mortality</b>				
Ferns	20.6	22.0	23.1	24.8
Hilton	21.9	23.6	25.1	26.9
Merlin Top	22.2	23.2	25.4	27.2
Mount Pellon	22.2	23.2	25.4	27.2
Ryecroft	22.2	23.2	25.4	27.2
Kearsley	20.6	22.0	23.1	24.8
North Shore	21.9	23.6	23.8	25.7
Dyke House	21.9	23.6	23.8	25.7
Abbey Park	22.2	23.2	25.4	27.2
Thomas Hepburn	21.9	23.6	25.1	26.9
Grangefield	21.9	23.6	23.8	25.7
Blyth	21.9	23.6	23.8	25.7
Frederick Natrass	21.9	23.6	23.8	25.7
Oak Tree	21.9	23.6	23.8	25.7
Norton	21.9	23.6	23.8	25.7
Southmere	22.2	23.2	25.4	27.2
Kirk Balk	22.9	25.1	25.7	28.0
Manor	21.9	23.6	23.8	25.7
Red House	21.9	23.6	25.1	26.9
Thorp	21.9	23.6	25.1	26.9
NET	21.9	23.6	25.1	26.9

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**27. Pension commitments (continued)**

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

	<b>At 31 August 2019 £000</b>	<i>At 31 August 2018 £000</i>
Equities	37,338	35,052
Corporate bonds	3,000	2,865
Property	4,110	3,649
Cash and other liquid assets	3,465	4,261
Other	2,788	1,972
Other bonds	2,637	2,335
<b>Total market value of assets</b>	<b>53,338</b>	<b>50,134</b>

The actual return on scheme assets was £2,259k (2018 - £2,607k).

The amounts recognised in the Statement of financial activities are as follows:

	<b>2019 £000</b>	<i>2018 £000</i>
Current service cost	(3,362)	(3,879)
Past service cost	(1,578)	(331)
Interest cost	(458)	(488)
Administrative expenses	(3)	(3)
Transfer of liabilities out	503	-
<b>Total amount recognised in the Statement of financial activities</b>	<b>(4,898)</b>	<b>(4,701)</b>

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

	<b>2019 £000</b>	<i>2018 £000</i>
<b>At 1 September</b>	<b>67,639</b>	<b>66,265</b>
Current service cost	3,362	3,879
Transferred out on existing academies leaving the trust	(1,356)	-
Interest cost	1,866	1,645
Employee contributions	720	753
Actuarial losses/(gains)	13,553	(4,339)
Benefits paid	(1,525)	(760)
Past service costs	1,578	331
Other item	-	(135)
<b>At 31 August</b>	<b>85,837</b>	<b>67,639</b>



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**27. Pension commitments (continued)**

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

	2019 £000	2018 £000
<b>At 1 September</b>	50,133	45,298
Transferred out on existing academies leaving the trust	(853)	-
Expected return on assets	1,408	1,157
Actuarial gains	1,235	1,450
Employer contributions	2,223	2,373
Employee contributions	720	753
Benefits paid	(1,525)	(760)
Administration charges	(3)	(3)
Other item	-	(135)
<b>At 31 August</b>	<b>53,338</b>	<b>50,133</b>

**28. Operating lease commitments**

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
<b>Land and Buildings</b>		
Within 1 year	975	939
Between 1 and 5 years	3,820	3,757
After more than 5 years	11,704	12,211
	<b>16,499</b>	<b>16,907</b>
<b>Other</b>		
Within 1 year	157	168
Between 1 and 5 years	332	423

Included in the above is an annual charge of £522k which relates to the commitment for the building which is part of a PFI arrangement.

**29. 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 £10 for the debts and liabilities contracted before he/she ceases to be a member.

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**30. Related party transactions**

Owing to the nature of the Academy Trust 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 AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transaction

East Durham College – a company in which Ms Suzanne Duncan (a Trustee) is the Chief Executive Officer.

- East Durham College have delivered alternative education for a number of vulnerable students meeting their specific need and tailored to the student's wellbeing and outcomes. The total value of the transactions were £19,550. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The Academy Trust sought various provisions to best meet students' needs and specifically chose East Durham College, because of its tailored facilities to support these students.
- In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above £2,500 has been provided 'at no more than cost' and East Durham College has provided a statement of assurance confirming this.

Apollo Schools Trust – a company in which Ms Suzanne Duncan (a Trustee) is a Trustee.

- Apollo Schools Trust have provided much needed alternative education for a number of deprived students and provided special educational needs specifically tailored for the student's wellbeing and outcomes. The total value of the transactions were £21,439. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The Academy Trust sought various provisions to best meet students' needs and specifically chose Apollo Academies Trust, because of its tailored facilities to support these students.
- In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above £2,500 has been provided 'at no more than cost' and Apollo Schools Trust has provided a statement of assurance confirming this.

**31. Post balance sheet events**

On 1st September 2019, Freebrough Academy, Badger Hill Academy and Whitecliffe Academy, existing academies previously sponsored by Teesside Learning Trust, joined NET.

A Deed of Termination of the Funding Agreement for Thomas Hepburn Community Academy, dated 29th November 2019, ceased the sponsorship of this academy with NET.

**32. Agency arrangements**

The trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £39k (2018 - £48k) and disbursed £62k (2018 - £36k) from the fund. An amount of £52k (2018 - £75k) is included in other creditors relating to undistributed funds that is repayable to ESFA. The trust retained a beneficial interest in individual transactions such that less than £1k has been recognised in income and expenditure in the statement of financial activities.

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**33. Transfer out on academies leaving the academy trust**

**Southmere Primary Academy**

	<b>Transfer out on academy leaving the trust £000</b>
<b>Tangible fixed assets</b>	
Long-term leasehold property	2,881
Furniture and equipment	41
Computer equipment	7
<b>Current assets</b>	
Cash at bank and in hand	44
<b>Liabilities</b>	
<b>Pensions</b>	
Pensions - pension scheme liabilities	(503)
<b>Net assets</b>	<u>2,470</u>

The above costs are transferred from the following funds:

Unrestricted funds	£15k
Restricted funds (including Pensions)	(£474k)
Restricted fixed asset funds	£2,929k