

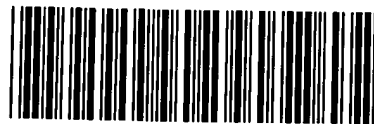
Registration number: 10561094

# NEAT ACADEMY TRUST

(A company limited by guarantee)

Annual Report and Consolidated Financial Statements  
for the Year Ended 31 August 2020

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# **NEAT Academy Trust**

## **Contents**

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 15
Governance Statement	16 to 20
Statement on Regularity, Propriety and Compliance	21
Statement of Trustees' Responsibilities	22
Independent Auditor's Report on the Financial Statements	23 to 25
Independent Reporting Accountant's Report on Regularity	26 to 27
Consolidated Statement of Financial Activities incorporating Income and Expenditure Account	28 to 29
Consolidated Balance Sheet	30
Balance Sheet	31
Consolidated Statement of Cash Flows	32
Notes to the Financial Statements	33 to 65

# NEAT Academy Trust

## Reference and Administrative Details

<b>Members</b>	The Diocesan Board of Education acting corporately by its Director, The Venerable P Robinson (resigned 3 July 2020) The Diocesan Board of Education acting corporately by its Director, The Venerable M Wroe (appointed 4 July 2020) The Bishop of Newcastle, The Right Reverend C Hardman The Reverend Canon S Herbert (resigned 31 July 2020) PNH Smith The Chair of Directors, R Alston OBE Rev H Gill (appointed 1 August 2020)
<b>Trustees (Directors)</b>	R Alston OBE, Chair D Bailey, Chief Executive Officer S Beharall N Brannen S Fooy N Iftkhar A Lister A McNall S Ormerod S Strassheim (appointed 23 January 2020) M White, Vice Chair (resigned 10 November 2020)
<b>Company Secretary</b>	S Hendey
<b>Senior Management Team</b>	D Bailey, Chief Executive Officer R Carr, Headteacher Benfield School D Day, Headteacher Central Walker Church of England Primary School F Kerr, Headteacher Central Walker Church of England Primary School S Gittins, Headteacher Tyneview Primary School A Young, Headteacher Walkergate Community School N Draper, Headteacher West Walker Primary School J Stroughair, Headteacher West Walker Primary School (appointed 1 September 2019) C Turvill, Chief Operating and Financial Officer
<b>Principal and Registered Office</b>	Heaton Centre Trewitt Road Newcastle upon Tyne Tyne and Wear NE6 5DY
<b>Company Name</b>	NEAT Academy Trust  Formerly known as Newcastle East Mixed Multi Academy Trust
<b>Company Registration Number</b>	10561094

## **NEAT Academy Trust**

### **Reference and Administrative Details (continued)**

<b>Auditors</b>	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
<b>Bankers</b>	Lloyds Bank plc 102 Grey Street Newcastle upon Tyne Tyne and Wear NE1 8AG
<b>Solicitors</b>	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF

# **NEAT Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2020**

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

### **Structure, Governance and Management**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of NEAT Academy Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as NEAT Academy Trust, which is often abbreviated to NEAT.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details on pages 1 to 2.

#### **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**

NEAT Academy Trust has purchased insurance to protect Trustees and Governors from claims arising against negligent acts, errors or omissions occurring whilst on Trust or Academy business.

#### **Method of Recruitment and Appointment or Election of Trustees**

The term of office for any Trustee is four years, except for the Chief Executive Officer who is appointed by virtue of their position. Trustees remaining eligible may be re-appointed or re-elected. Trustees are appointed because of their skills and knowledge and how these will complement existing Board members. One Trustee is nominated by the Newcastle Diocesan Education Board as the Church Ethos Director. Similarly, Trustees appoint Local Governors for the contribution they can potentially make to the running of the Academies. The term of office for any Local Governor appointed by the Trustees, parents of the Academy or staff of the Academy is four years. The Academy Headteacher is appointed as a Local Governor by virtue of their position and any Local Governors co-opted by the Local Governing Committee have a term of office of one year.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new appointees depends on their existing experience. Where necessary training is provided on educational, legal and financial matters. All are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their respective roles. Throughout the year Trustees and Local Governors are offered trust-wide induction, training and workshops and there are also opportunities for bespoke training to meet specific needs. This is supplemented by briefings from specialist external providers e.g. safeguarding, Ofsted inspection. Governance support is provided in-house and there are opportunities for networking and sharing of good practice between individuals involved in different elements of the Trust's governance. Trustees and Local Governors also hold membership of the National Governance Association and are able to access their e-learning, conference and training programme.

# **NEAT Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Organisational Structure**

The governance structure consists of: the Members, the Trustees and five Local Governing Committees (one for each Academy), all supported by professional Clerks. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels, which is supported by business services provided by the Trust's Central Team.

The Trust Board is responsible for the strategic direction of the Trust and has overall responsibility for academic standards, financial management, assets and other resources and senior staff appointments. The Board was supported during the year by the Audit and Risk and Remuneration Committees, as well as each Academy's own Local Governing Committee.

Delegated authority and powers of decision-making in relation to the Board and its committees, are defined in the Trust's Scheme of Delegation, which determines which responsibilities reside at individual Academy level.

All staffing appointments in academies are made at Local Governing Committee level with the exception of Headteachers and Deputy Headteachers, which are appointed by a panel established by the Trustees, and with an advisory role provided by the Newcastle Diocesan Education Board in the case of Central Walker Church of England Primary School.

Systems and procedures for financial management, HR and administration are undertaken at Academy level but supported and overseen by the Trust's Central Team comprising the Chief Operating and Financial Officer, Director of Business Services and Director of Governance and Corporate Affairs.

The Senior Leadership Team of each Academy includes the Headteacher, one or more Deputy Headteachers and where appropriate a number of Assistant Headteachers. The Middle Management of the Academies is centred on managers with Teaching and Learning Responsibilities (TLRs). These managers have delegated responsibility for the day-to-day operation of particular areas, departments or aspects of their Academy, in particular organising the teaching staff, facilities and students.

### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

All arrangements for setting and reviewing pay and remuneration are in accordance with the Trust's Pay Policy.

The Trust's Chief Executive Officer and Academy Headteachers are employed in accordance with the provisions of the prevailing School Teachers' Pay and Conditions Document (STPCD) and the Trust's Pay Policy. Each role has a salary range taking into account the relative job weight of the post. In the case of the Chief Executive Officer external benchmarking data is used to inform setting the range; in the case of Headteachers the salary range is based on a national formula of weighted pupil numbers. Progression for all personnel is subject to a review of performance against objectives set in the annual appraisal review which are focused on leadership and management. The Remuneration Committee, based on recommendations made by three Trustees in respect of the Chief Executive Officer and the Chief Executive Officer in respect of Headteachers, may decide to award one salary point for sustained high quality performance or exceptionally two salary points where there is scope within the individual's pay range to do so. Where performance has not been of a sustained high quality the Committee may decide that there should be no pay progression.

## **NEAT Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

The Trust's Chief Operating and Financial Officer is appointed to an appropriate grade within the Trust's terms and conditions for senior managers based on the application of the HAY job evaluation scheme. Pay progression to the next salary point is determined by the Remuneration Committee on the basis of a successful annual appraisal.

#### **Trade Union Facility Time**

Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties (but not activities).

NEAT meets its statutory obligations to provide facility time to trade union representatives by pooling resources with other schools and academies within Newcastle City Council to cover the time spent by trade union representatives across a number of different employers. During the year we spent 0.06% of our total pay bill on facility time.

#### **Related Parties and Other Connected Charities and Organisations**

The Trust has a wholly owned Trading Subsidiary, NEAT Active Limited (the 'Company'), which oversees the community use of the Benfield Sports Centre and other school facilities when not in use by the School. The Company has its own Board of Directors, who regularly benchmark its strategies and services against market conditions.

One of the Academies is a Church of England school within the Diocese of Newcastle and the Trust works alongside the officers of the Diocese and the Newcastle Diocesan Education Board.

#### **Engagement with Employees and People with Disabilities**

Employees and their representatives are consulted on a regular basis about policies that affect their employment so that their views can be taken into account when the Trustees are making decisions. This includes issues such as performance management, pay and expenses, as well as employment procedures to manage conduct and sickness absence.

There is regular communication with employees to keep them informed about the performance of the Trust and its individual Academies. They are also encouraged to provide feedback about matters of concern to them as employees and are made aware of arrangements for whistleblowing if they have concerns about the running of the Trust.

The Trust has a range of policies that positively support the recruitment, promotion and training of people with disabilities. Recruitment and selection policies apply to all aspects of the recruitment process from advertising jobs through to appointing staff and the Trust takes positive action to interview all applicants with a disability who meet the essential requirements for a vacancy. The Trust's approach to supporting employees who become disabled includes making reasonable adjustments to the person's current job role and working conditions or seeking suitable alternative employment. The Trust's CPD policy recognises the need to ensure access to relevant training. There is also a disability related leave scheme which provides up to 20 days additional leave in a 12 month period.

#### **Objectives and Activities**

The principal objective of the charitable company is the operation of its 5 academies to provide the very best education for its students.

# **NEAT Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

The Academy Trust's approach to achieving this are encompassed in its common purpose, values, vision and strategic aims.

### **Our Common Purpose**

Our common purpose as a trust is to nurture, educate, achieve and transform. We recognise that we have a range of stakeholders to whom we are responsible:

- We believe our first responsibility is to our children, young people and their families to prepare our learners for the changing world by recognising and nurturing their uniqueness and providing the right environment to grow their potential, instil a love of learning, enable them to achieve and realise their dreams. Through our work with young people and their families we will develop learners who are resilient, aspirational, respectful, resourceful, creative and effective communicators.
- We recognise our responsibilities to our employees and volunteers. We will value their diversity and recognise their achievements. We will provide a safe and stimulating environment where staff are well led and managed, empowered to be innovative and have opportunities to develop professionally.
- We are responsible to the communities in which we work and recognise the need to adapt our approach to be locally relevant. We will ensure that our schools are safe and welcoming and that our classrooms and learning spaces are inspiring and stimulating and provide the best educational environments to meet the needs of our learners. Our schools will be an integral part of their local community and we will strive to nurture effective partnerships within each community.
- We are accountable to the Regional Schools Commissioner and the Education and Skills Funding Agency for ensuring that we educate our learners for public benefit and that we use all public money effectively, efficiently and ethically. We will experiment with new ideas and through innovation, respond flexibly to changing circumstances to ensure the sustainability of the trust and that we transform the life chances of our communities.

### **Our Values**

Our values are the behaviours that will enable us to achieve our common purpose.

**Aspirational** - We aim high for ourselves and others.

- We encourage and empower all members of the trust community.
- We provide opportunities that inspire and motivate.
- We support and challenge others so they can do their best and achieve their potential.
- We remove barriers to success.

**Collaborative** - We are best when we work together as one trust.

- We share knowledge and best practice.
- We create and pursue common goals as one trust.
- We understand and value each others' roles and perspectives.
- We encourage and value all contributions.



# **NEAT Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

**Inclusive** - We welcome and value every individual and foster a sense of belonging.

- We seek to understand people's differences.
- We enable everyone's voice to be heard.
- We adapt our approach to be relevant in our diverse community.
- We create a work and learning environment that enables everyone to succeed.

**Innovative** - We are creative and forward thinking in our work.

- We seek insight and opportunities to learn.
- We contribute and embrace new ideas.
- We enable new ideas to be tried out.
- We reflect and evaluate impact.

**Responsible** - We act professionally and ethically in the best interests of the trust community.

- We take responsibility for our actions.
- We hold ourselves and others to account.
- We learn from our successes and mistakes.
- We agree what is expected and deliver on our promises.
- We can demonstrate we make a difference.

### **Our Vision for the period 2018-2021:**

We belong to an innovative, sustainable trust working collaboratively with partners to share our vision and values that enables all learners within our influence to be well prepared personally, socially and academically for the next stage of their lives in a changing world.

### **Our Strategic Aims:**

Our three-year strategic plan for 2018-21 was developed with the involvement of directors, local governors, senior leaders and staff across the Trust. The strategic aims are reviewed annually in light of progress and the changes to the environment the Trust operates in. The reviewed aims for 2019-20 were:

- **Aim 1:** Ensure all academies deliver a quality education leading to good outcomes for all learners;
- **Aim 2:** Embed an effective whole family approach to supporting welfare, attendance and attainment that has a positive impact on pupil outcomes;
- **Aim 3:** Ensure that the trust is well led, managed and governed to ensure continuous trust improvement;
- **Aim 4:** Ensure the trust is operationally effective and showing improvement in performance over time;
- **Aim 5:** Grow the trust to enable a broader and better educational experience.

# **NEAT Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Public Benefit**

The charity's aims and achievements are set out within the report. The activities set out in the report have been undertaken to further the Charity's charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public guidance published by the Charities Commission and have paid due regard to this guidance in deciding activities that charity should undertake.

### **Strategic Report**

The Trust operates 4 primary and one secondary school, all of which are located within a close proximity in the east end of Newcastle upon Tyne. Pupil numbers have grown from 2275 in October 2017 to 2557 in October 2020, primarily due to increasing numbers in our secondary school.

Four of the five schools were inspected by Ofsted between January and March 2020 with the primary schools securing a Good judgement and Benfield being judged as a school that Requires Improvement. All judgements matched the trust self evaluation and all inspections recognise the improvements that have been made by the schools. Tyneview is in the Ofsted window and we are currently evaluating the school as Outstanding. This will of course continue to be reviewed in light of the ongoing impact of Covid-19 on outcomes.

The Trust has identified growth as a key strategic priority and is in the process of carrying out due diligence to move to formally supporting a sponsored academy in Hartlepool. It is expected that the school will join NEAT during 2021.

Walkergate Community School continues as a designated Teaching School, however due to DfE reorganisation of teaching schools we expect that this designation will cease in March 2021. The Trust has successfully applied for and been awarded Research School status and has operated this during the year under the name of Newcastle Research School, which has enabled us to develop networks and strengthen links with schools and local authorities. Newcastle Research School is currently part of a bid to become a teaching school hub. This would enable the Research School to broaden its reach and embed evidence based approaches to school improvement.

The Trust operates in an area of high social deprivation. According to the Index of Multiple Deprivation, Walker ward is ranked as the most deprived ward in the North East of England and 32nd in terms of deprivation nationally. This is reflected in our pupil premium figures, which are more than double the national average for all of our schools.

# NEAT Academy Trust

## Trustees' Report for the Year Ended 31 August 2020 (continued)

### Contextual Overview of NEAT schools during 2019/20

	Total No. Pupils	SEN EHCP %	SEN Support %	EAL %	Ever 6 FSM %	Deprivation
Benfield	877	3.3	15.7	16.8	63.4	0.42
Nat Avg Secondary (2018 data)	978	1.7	10.8	16.9	27.7	0.20
Central Walker	403	1.2	23.0	25.6	65.5	0.54
Tyneview	287	2.1	11.5	9.8	42.5	0.43
Walkergate	689	1.2	16.0	4.4	42.8	0.42
West Walker	225	4.7	17.6	9.3	62.2	0.52
Nat Avg Primary (2018 data)	282	1.6	12.6	21.2	23.0	0.21

### Achievements and Performance

The tables below provides a summary of some of the key attainment outcomes for the Trust comparing 2019 and 2020.

	2019 KS2 Combined		2020 KS2 Combined	
	Expected	Higher	Expected*	Higher
Central Walker C of E Primary	68	15	72	N/A
Tyneview Primary	75	7	76	N/A
Walkergate Community School	62	9	78	N/A
West Walker Primary	62	10	60	N/A
National	65	11	N/A	N/A

\*2020 outcomes are based on teacher assessment of those on track at end of school year

Benfield School	Progress			Attainment 8		
	2018	2019	2020*	2018	2019	2020*
KS4	-0.64	-0.57	-0.32	35.8	36.78	42.40
KS5	-0.48	-0.8	+0.66	n/a	n/a	n/a

## NEAT Academy Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

\*2020 figures are estimated as DfE are not producing any performance data at Key Stage 4 or 5 for the 2020 exam season.

The 2020 attainment figures for Benfield are calculated from the pooling of data through a collaboration project managed by the academy's data management software provider (SISRA). These estimated figures are based on data shared voluntarily by around 1000 schools, and calculated using the DfE's 2017 methodology. Therefore the figures above are not based on full or most current statistical models, which would be necessary for calculating Progress and Attainment 8 accurately. However we believe that they are the most accurate proxy measure available at present.

#### Pupil Attendance

The disruption caused by Covid-19 means that we have only reported attendance figures for 2019-20 up to 20 March 2020. All of our schools continued to remain open to support key worker and other identified groups of pupils from the end of March until the end of the summer term, including being open during all holiday periods between March and July. Those pupils that were not able to attend school were supported through the provision of remote learning resources as well as through contact from school staff.

#### Pupil Attendance Comparing 2017/18 and 2018/19

	2017-18	2018-19	2019-20*
Benfield School	91.3%	92.0%	90.6%
Central Walker C of E Primary	94.6%	95.2%	93.2%
Tyneview Primary	93.1%	93.8%	93.4%
Walkergate Community School	94.5%	94.9%	93.8%
West Walker Primary	93.3%	94.1%	92.5%

\*attendance figures until 20 March 2020.

All pupils who were eligible for free school meals (FSM) that were not attending school were supported through the provision of packed lunches up to the start of the Easter holidays. Subsequently the Trust provided weekly supermarket vouchers to qualifying families from April to August. These exceptional, Covid-19 related costs were then recovered from the DfE.

#### Operational Performance

The table below provides a comparison between our schools of some of the operational key performance indicators that are monitored across the trust.

## NEAT Academy Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

Areas of spend as % of expenditure	Benfield	Central Walker	Tyneview	Walkergate	West Walker
Teaching staff	45.0%	43.6%	41.0%	44.1%	41.1%
Supply staff	3.4%	2.0%	1.8%	1.6%	2.9%
Education support staff	17.2%	20.9%	24.7%	22.8%	20.3%
Other staff	6.5%	4.9%	4.8%	4.4%	5.8%
Premises	7.3%	5.3%	7.4%	11.2%	9.4%
Teaching resources	4.6%	6.3%	4.8%	3.2%	6.3%
Energy	2.2%	1.6%	1.2%	1.4%	0.9%

#### Going Concern

After making appropriate enquiries, the Trustees have 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.

#### Promoting the success of the company

The Trustees recognise that their role as directors of the company must promote the success of the company, and in doing so must act fairly and have regard to a range of consequences of their decisions on the Trust's long-term viability. These include the interests of employees; business relationships with suppliers, customers and stakeholders; the community and the environment, and our reputation for high standards of business conduct. The Trustees take all their decisions in the best interests of the Trust and our many stakeholders in order that we maintain our good reputation and to further the needs of the communities in which we operate.

#### Financial Review

The majority of the Academy Trust's income for the year of account is obtained from either the ESFA (Education and Skills Funding Agency) or Local Authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the year and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2020 total expenditure of £17,463,000 (excluding net inherited liabilities) was in excess of the grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of income over expenditure for the group for the year (excluding inherited assets and liabilities, restricted fixed asset funds and before pension transfer) was £359,000.

At 31 August 2020 the net book value of fixed assets was £21,550,000. The assets were used exclusively for providing education and associated support to the pupils in the Academies within the Trust.

## **NEAT Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

Under accounting standard FRS 102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted fund. This resulted in the pension fund showing a deficit of £8,227,000 which has been carried forward to 2020/21. It should be noted that this does not present a liquidity problem for the Trust and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future years.

#### **Reserves Policy**

The Trust holds both restricted and unrestricted funds, which are detailed in the financial statements. The level of reserves is reviewed by the Trustees regularly throughout the period and the minimum level of reserves for the ongoing needs of the Academy Trust is set out in the Reserves and Investment Policy.

The Trustees currently target a minimum level of reserves for each school and in total across the trust that equates to the equivalent of one month's operating costs £1,360,000 to cover cashflow and contingency requirements. Additional funds are required where planned or anticipated future commitments to capital projects are identified.

The Trust's current level of reserves are in surplus by £827,000 (comprising £133,000 of restricted reserves and £694,000 of unrestricted reserves (note 17)).

Included in unrestricted reserves is a deficit of £1,000 (2019 - £401,000 deficit) in relation to the subsidiary NEAT Active Limited.

The Trustees recognise the importance of reserves for the sustainability of the Trust's operations and its capacity to deal with unforeseen events. Ongoing reviews of the strategic risks that the Trust faces will help in informing the level of reserves required going forward.

#### **Investment Policy**

The Trust's investment objectives are:

- to achieve the best financial return available for cash reserves, while ensuring that security of deposits takes precedence over revenue maximisation;
- to only invest funds surplus to operational need, based on all financial commitments being met without the Trust bank account becoming overdrawn; and
- to exercise all investment decisions with care and skill and consequently be in the best interests of the Trust and be able to command broad public support.

The Trustees have taken a prudent view with regard to investments during 2019-20 and will look to review this approach during 2020-21, while being mindful of both liquidity and counter party risks.

#### **Principal Risks and Uncertainties**

The Trustees have developed the Trust's Risk Management Policy, which is being used to identify the principal risks and uncertainties facing the Trust. These risks are recorded and monitored on an operational basis in each Academy's risk register and this in turn links into the Trust's overall strategic risk register. Risk categories considered are varied and include educational performance, operational, financial and reputational.

## **NEAT Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

The major risk faced by our Trust this year has been how to operate during the Covid-19 pandemic. The Trust developed a separate risk register to address the issues raised by Covid-19, to ensure that the continued operation of its schools were aligned with government guidance and that best practice was adopted. While we have focused on operating as effectively as possible during these challenging circumstances, the most significant risks identified going forward are linked to the disruption to our pupils' educational experience and the impact on pupil and staff wellbeing from the extended period of disrupted operation.

The principal financial risks that have been identified are those linked to managing the exceptional costs during Covid-19 and the need to ensure that our IT infrastructure is fit for purpose to support blended learning for all pupils. In addition risks remain with the condition of some parts of the Trust's estate and our continued membership of the Teachers' and Local Government Pension Schemes.

The Trust operates systems of financial planning and control to understand and monitor these risks and these are examined through our internal assurance program and with external auditors. Where significant financial risk still remains, the Trust has ensured that adequate insurance cover is in place.

The other principal risks that have been identified are ensuring effective governance and leadership across the Trust to improve academic standards, managing the attendance of pupils and ensuring that safeguarding systems for the protection and well-being of the Trust's pupils are effective.

The Trust is developing a clear accountability framework to measure outcomes and support and training is provided to all levels of governance.

The Trust has implemented robust safeguarding policies and has also fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area.

#### **Fundraising**

The Trust uses fundraising as a means of generating a relatively small amount of additional income to support the purchase of goods, equipment and services, which otherwise would be not affordable from core revenue and capital funds. The Trust typically undertakes a number of regular general fundraising activities such as school fayres and raffles to support our children's education as well as organising other fundraising for specific and clearly defined purposes. Many of these activities have been severely curtailed during the year due to Covid-19, which has significantly reduced the amount raised through these activities.

The Trust primarily engages with the families of the children at each school as well as other members of the local community. In addition approaches are also made to local businesses to support the fundraising activities of the Trust. All staff or volunteers carrying out fundraising activities are expected to act with fairness, honesty, integrity and openness and to ensure that nobody is put under pressure to donate. The Trust has not worked with any professional fundraisers during the year.

The Trustees are responsible for ensuring that all funds raised are properly accounted for and that the money is expended in accordance with the objectives agreed for the particular fundraising activity. They have not received any complaints during the year in relation to the Trust's fundraising activities.

#### **Streamlined Energy and Carbon Reporting**

NEAT qualifies as a large company, as defined in the Companies Act 2006 and is required to provide a streamlined energy and carbon report detailing the annual energy use (in Kwh) and associated greenhouse gas emissions (in tonnes of carbon dioxide equivalent (Co2e)).

## NEAT Academy Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	2019-20
Energy Consumption used to calculate emissions (kWh)	5,619,900
Scope 1 emissions in metric tonnes Co2e	
Gas Consumption	780
Owned transport	4
Total Scope 1	784
Scope 2 emissions in metric tonnes Co2e	
Purchased Electricity	245
Scope 3 emissions in metric tonnes Co2e	
Business travel in employee owned vehicles	3
Total gross emissions in metric tonnes Co2e	1,032
Intensity ratio tonnes Co2e per pupil	0.416

#### Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

#### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes Co2e per pupil, which is the recommended ratio for the sector.

#### Measures taken to improve energy efficiency

The trust seeks ways to reduce its energy consumption whenever undertaking building works. A significant lighting upgrade was undertaken at the start of the year at Benfield School, which saw LED lighting being installed into the sports centre and other areas used by the community. This project was funded via a Salix loan and is calculated to save over 40 tonnes of Co2 over a 12 month period. The energy savings are expected to provide a payback on the loan within 3-4 years.

#### Plans for Future Periods

The refreshed Strategic Plan for 2020-21, which is the final year of a three-year planning cycle, reflects a smaller number of focused priorities in light of the Covid-19 pandemic. This continues to have a significant impact operationally in schools and on the trust-wide capacity to fulfil all of its strategic aims.

#### Priority 1: Trust manages and recovers from Covid-19

Intentions:

1.1 All academies and work places are safe to pupils, staff and parents.



## NEAT Academy Trust

### Trustees' Report for the Year Ended 31 August 2020 (continued)

1.2 All academies work proactively to minimise the impact of Covid-19 on trust outcomes (academic, financial, wellbeing)

1.3 Resources and wider strategies used effectively to have a positive impact on welfare and attendance and reduce impacts associated with Covid-19

#### **Priority 2: Trust successfully develops and implements an effective growth strategy**

Intentions:

2.1 The trust operates effectively and has the capacity and infrastructure for future growth

2.2 There is a clear growth strategy and the capacity in place to deliver it

2.3 There is effective oversight and direction from all layers of leadership (including governance) across the Trust

#### **Priority 3: All academies deliver a high quality education**

Intentions:

3.1 All academies have a quality curriculum offer that is responsive to an ever changing need.

3.2 All academy staff have the skills, knowledge and resources to deliver a high quality remote/blended learning offer.

3.3 All academies make effective use of all resources leading to accelerated progress or halting of regression

#### **Auditor**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **Reappointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The trustees' report, incorporating a Strategic Report, was approved by order of the members of the Board on 20/11/21 and signed on its behalf by:



R Alston OBE  
Trustee

# NEAT Academy Trust

## Governance Statement

### Scope of Responsibility

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

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

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The Board of Trustees formally met 11 times during the period ended 31 August 2020. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Alston - Chair	11	11
D Bailey	11	11
S Beharall	9	11
N Brannen	6	11
S Fooy	3	11
N Iftkhar	8	11
A Lister	9	11
A McNall	11	11
S Ormerod	11	11
S Strassheim	6	8
M White – Vice Chair	9	11

The changes to the Trust Board during 2019-20 were:

- the appointment by the Board of one additional Trustee, Steven Strassheim, who was recruited specifically to provide legal expertise which had been identified as a gap in the Board's skillset.

The stable membership of the Board during 2019-20 enabled the Trustees to deepen their understanding of the Trust and its Academies and to continue to progress the three-year Strategic Plan.

# NEAT Academy Trust

## Governance Statement (continued)

### Board's Performance

The Board's main challenges at the start of 2019-20 were the sustainability of the Trust at its current size, to add legal skills to the range of expertise provided by the Trustees and to evaluate whether the agreed governance structure and accountability framework worked in practice. The emergence of the global Covid-19 pandemic in early 2020, which resulted in the government partially closing all schools for a significant period of time, greatly influenced the Trust's priorities as capacity was diverted to being responsive to the rapidly changing environment. This delayed, for example, the planned external review of governance.

The Board has been effective in ensuring all statutory financial management and governance requirements have been complied with and in identifying and managing risk at the level of the Trust and within its individual Academies. It has also provided support and challenge to ensure the Trust had an appropriate response to Covid-19 in terms of providing a safe environment for students and staff and to enable the continuity of learning during a period of disruption.

### Quality of data used

The Board uses a range of data at the level of Trust and its individual Academies to set and measure key performance indicators. This is presented alongside comparative data at national, regional and local levels, as appropriate, to enable benchmarking of the performance of the Trust and its individual Academies against, for example, the pupil population of England as a whole, other Academy Trusts, individual schools and statistical neighbours. This enables Trustees and Local Governors to scrutinise data and challenge executive and school leaders and hold them to account across the range of performance indicators. This accountability process informs the development of the Trust's strategic and operational plans based on a thorough self-evaluation of performance.

### Governance Annual Assessment

The Trust Board has continued to make an annual assessment of governance including reviewing its governance structure and delegated decision-making framework.

The Board intends to undertake an external review of governance in 2020-21.

### Audit and Risk Committee

The Audit and Risk Committee is a committee established by the main Board of Trustees. Its purpose is to advise the Board on the adequacy and effectiveness of its systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money). In the period ended 31 August 2020 the Committee reviewed internal assurance reports and ensured actions were taken, identified and managed risks and agreed changes to financial controls. Attendance at meetings of the Committee in the period was as follows:

Trustee	Meetings attended	Out of a possible
R Alston	4	4
S Fooy	0	4
A Lister - Chair	4	4
S Ormerod	4	4
M White	2	4

# **NEAT Academy Trust**

## **Governance Statement (continued)**

### **Review of Value for Money**

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data, where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- A review of the ICT managed service contract across the Trust was undertaken during the period by an independent consultant and the benchmarking exercise identified savings of over 8% have been achieved against comparative alternative service provisions.

- A review of the IT infrastructure and estate during the year identified key investment priorities. This resulted in a significant capital investment in new WiFi and core switch equipment across our primary schools ensuring that our IT infrastructure remains fit for purpose going forward and is better positioned to support our remote and blended learning offer. We were also able to replace a large number of ageing tablets purchased through a public sector framework, with the added benefit that we are now able to deploy the old legacy tablets to support remote working for those pupils without devices at home.

- Identifying and securing additional grant funding has enabled the Trust to provide mindfulness training for key staff across all of its schools as well an extensive programme of summer holiday activities that have supported some of our most vulnerable families.

### **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 the Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

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

### **The Risk and Control Framework**

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

- comprehensive budgeting and monthly monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;

# **NEAT Academy Trust**

## **Governance Statement (continued)**

- regular reviews by the Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed MHA Tait Walker as Internal Auditors, to undertake a programme of internal assurance on the Academy Trust's financial systems. This work is undertaken by a separate team to that which carries out the external audit.

Following the revised FRC Ethical Standards which prohibited a firm providing external audit to an entity to also provide internal audit services, a procurement exercise will be undertaken to appoint new internal auditors for the upcoming financial year.

The programme of internal assurance 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 systems and controls
- bank arrangements
- purchasing systems and controls
- cash income streams

On a termly basis, MHA Tait Walker report to the Board of Trustees on the operation of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The Academy Trust confirms that the internal audit function has been fully delivered in line with the ESFA's requirements and that no material control issues have been identified.

### **Review of Effectiveness**

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

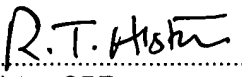
- the work of the Audit and Risk Committee;
- the work of the external auditor;
- the work of the internal auditor;
- the financial management and governance self-assessment process; and
- the work of members of the Central Team who have responsibility for the development and maintenance of the internal control framework.

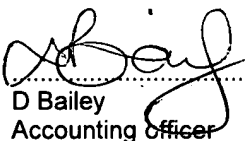
## NEAT Academy Trust

### Governance Statement (continued)

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

Approved by order of the members of the Board on 20/1/21 and signed on its behalf by:

  
.....  
R Alston OBE  
Trustee

  
.....  
D Bailey  
Accounting officer  
Trustee

# NEAT Academy Trust

## Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust Board are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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

- **Non-financial issues**

- Related Party Reporting

- The Academy Trust is in ongoing correspondence with the ESFA regarding a number of Related Party Transactions (RPT) between the Trust and NEAT Active Limited, which is a wholly-owned subsidiary of the Trust. As Accounting Officer, I am satisfied that best value principles were applied by NEAT Active Limited. in terms of procurement, and that all supply to the Trust was 'at cost'. Any profits generated by NEAT Active Limited. are transferred to the Academy Trust via a gift aid process.

There has potentially been a breach of the Academies Financial Handbook in that the information and evidence provided as part of the approval process did not demonstrate a competitive tendering process was in place and followed, sufficient records to evidence accountability and transparency in agreeing the RPTs were in place and that the academy pays no more than 'cost' for goods or services provided by NEAT Active Limited. The Trust is seeking to resolve this matter with representatives of the ESFA.

  
D Bailey, Chief Executive Officer  
Accounting officer

Date: 20/1/21

## NEAT Academy Trust

### Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 20/1/21 and signed on its behalf by:

  
R Alston OBE  
Trustee



# **NEAT Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Members of NEAT Academy Trust**

### **Opinion**

We have audited the financial statements of NEAT Academy Trust (the 'academy trust' ) and its subsidiaries (the 'group') for the year ended 31 August 2020, which comprise the Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, Consolidated Balance Sheet, Balance Sheet, Consolidated 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent academy trust's affairs as at 31 August 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

### **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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 (covers the Reference and Administrative Details, the Trustees' Report and the Governance Statement)**

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.

## **NEAT Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of NEAT Academy Trust (continued)**

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

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

In the light of our knowledge and understanding of the group and the parent academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept by the parent academy trust, 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 22, the trustees 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 group's and the parent 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 group or the parent academy trust 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.

## NEAT Academy Trust

### Independent Auditor's Report on the Financial Statements to the Members of NEAT Academy Trust (continued)

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 parent company's trustees, 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 group's trustees 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 parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*MHA Tait Walker*

.....  
Brian Laidlaw BA CA (Senior Statutory Auditor)  
For and on behalf of MHA Tait Walker  
Chartered Accountants  
Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: *27th January 2021*

MHA Tait Walker is a trading name of Tait Walker LLP.

## **NEAT Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to NEAT Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 4 July 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by NEAT Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

#### **Respective responsibilities of the Board's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Board's funding agreement with the Secretary of State for Education dated 1 April 2017 and the Academies Financial Handbook extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of Governing Body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;

## NEAT Academy Trust

### Independent Reporting Accountant's Report on Regularity to NEAT Academy Trust and the Education and Skills Funding Agency (continued)

- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Consideration of governance issues.

#### Conclusion

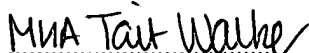
In the course of our work, except for the matters noted below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

#### Related Party Reporting

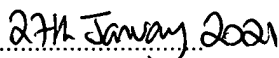
The Academy Trust is in ongoing correspondence with the ESFA regarding a number of Related Party Transactions (RPT) between the Trust and NEAT Active Limited, which is a wholly-owned subsidiary of the Trust. As Accounting Officer, I am satisfied that best value principles were applied by NEAT Active Limited. in terms of procurement, and that all supply to the Trust was 'at cost'. Any profits generated by NEAT Active Limited. are transferred to the Academy Trust via a gift aid process.

There has potentially been a breach of the Academies Financial Handbook in that the information and evidence provided as part of the approval process did not demonstrate a competitive tendering process was in place and followed, sufficient records to evidence accountability and transparency in agreeing the RPTs were in place and that the academy pays no more than 'cost' for goods or services provided by NEAT Active Limited. The Trust is seeking to resolve this matter with representatives of the ESFA.

This report is made solely to NEAT Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to NEAT Academy 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 NEAT Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



MHA Tait Walker  
Chartered Accountants  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 

MHA Tait Walker is a trading name of Tait Walker LLP.

# NEAT Academy Trust

## Consolidated Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2020 £ 000
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	39	-	49	88
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	15,522	-	15,522
Teaching schools		-	118	-	118
Other trading activities	4	754	-	-	754
Investments	5	9	-	-	9
<b>Total</b>		<b>802</b>	<b>15,640</b>	<b>49</b>	<b>16,491</b>
<b>Expenditure on:</b>					
Raising funds	6	488	-	-	488
<i>Charitable activities:</i>					
Academy trust educational operations		5	16,424	465	16,894
Teaching schools		-	81	-	81
<b>Total</b>		<b>493</b>	<b>16,505</b>	<b>465</b>	<b>17,463</b>
Net income/(expenditure)		309	(865)	(416)	(972)
Transfers between funds		206	(514)	308	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	25	(191)	(2,060)	-	(2,251)
Net movement in funds/(deficit)		324	(3,439)	(108)	(3,223)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2019		370	(4,530)	21,621	17,461
Total funds/(deficit) carried forward at 31 August 2020		694	(7,969)	21,513	14,238

# NEAT Academy Trust

## Consolidated Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2019 £ 000
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	91	-	140	231
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	13,963	-	13,963
Teaching schools	28	-	186	-	186
Other trading activities	4	1,027	-	-	1,027
Investments	5	5	-	-	5
Total		<u>1,123</u>	<u>14,149</u>	<u>140</u>	<u>15,412</u>
<b>Expenditure on:</b>					
Raising funds	6	655	-	-	655
<i>Charitable activities:</i>					
Academy trust educational operations		5	15,168	421	15,594
Teaching schools		-	214	-	214
Total		<u>660</u>	<u>15,382</u>	<u>421</u>	<u>16,463</u>
Net income/(expenditure)		463	(1,233)	(281)	(1,051)
Transfers between funds		(516)	492	24	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	25	<u>(195)</u>	<u>(1,493)</u>	<u>-</u>	<u>(1,688)</u>
Net movement in deficit		(248)	(2,234)	(257)	(2,739)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018		<u>618</u>	<u>(2,296)</u>	<u>21,878</u>	<u>20,200</u>
Total funds/(deficit) carried forward at 31 August 2019		<u>370</u>	<u>(4,530)</u>	<u>21,621</u>	<u>17,461</u>


# NEAT Academy Trust

(Registration number: 10561094)

## Consolidated Balance Sheet as at 31 August 2020

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Tangible assets	12	21,550	21,644
<b>Current assets</b>			
Debtors	14	1,103	502
Cash at bank and in hand		<u>1,874</u>	<u>2,276</u>
		2,977	2,778
Creditors: Amounts falling due within one year	15	<u>(2,040)</u>	<u>(1,786)</u>
Net current assets		<u>937</u>	<u>992</u>
Total assets less current liabilities		22,487	22,636
Creditors: Amounts falling due after more than one year	16	<u>(22)</u>	<u>-</u>
Net assets excluding pension liability		22,465	22,636
Pension scheme liability	25	<u>(8,227)</u>	<u>(5,175)</u>
Net assets including pension liability		<u>14,238</u>	<u>17,461</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted income fund	17	133	98
Restricted fixed asset fund	17	21,513	21,621
Restricted pension fund	17	<u>(8,102)</u>	<u>(4,628)</u>
		13,544	17,091
<b>Unrestricted funds</b>			
Unrestricted income fund	17	<u>694</u>	<u>370</u>
Total funds		<u>14,238</u>	<u>17,461</u>

The financial statements on pages 28 to 65 were approved by the trustees, and authorised for issue on 20/11/20 and signed on their behalf by:

  
 .....  
 R Alston OBE  
 Trustee



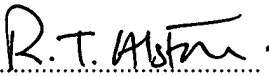
# NEAT Academy Trust

(Registration number: 10561094)

## Balance Sheet as at 31 August 2020

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Tangible assets	12	21,532	21,621
<b>Current assets</b>			
Debtors	14	1,152	525
Cash at bank and in hand		<u>1,697</u>	<u>1,951</u>
		2,849	2,476
Creditors: Amounts falling due within one year	15	<u>(2,018)</u>	<u>(1,607)</u>
Net current assets		<u>831</u>	<u>869</u>
Total assets less current liabilities		22,363	22,490
Creditors: Amounts falling due after more than one year	16	<u>(22)</u>	<u>-</u>
Net assets excluding pension liability		22,341	22,490
Pension scheme liability	25	<u>(8,102)</u>	<u>(4,628)</u>
Net assets including pension liability		<u>14,239</u>	<u>17,862</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted income fund	17	133	98
Restricted fixed asset fund	17	21,513	21,621
Restricted pension fund	17	<u>(8,102)</u>	<u>(4,628)</u>
		13,544	17,091
<b>Unrestricted funds</b>			
Unrestricted income fund	17	<u>695</u>	<u>771</u>
Total funds		<u>14,239</u>	<u>17,862</u>

The financial statements were approved by the trustees, and authorised for issue on 20/11/21 and signed on their behalf by:

  
 R Alston OBE  
 Trustee

## NEAT Academy Trust

### Consolidated Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	20	(84)	215
Cash flows from investing activities	21	<u>(318)</u>	<u>(158)</u>
Change in cash and cash equivalents in the year		(402)	57
Cash and cash equivalents at 1 September		<u>2,276</u>	<u>2,219</u>
Cash and cash equivalents at 31 August	22	<u>1,874</u>	<u>2,276</u>

# **NEAT Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020**

### **1 Accounting policies**

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

#### **Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2019 (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements are prepared in sterling which is the functional currency of the entity.

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

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the academy trust and its sole subsidiary undertaking. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated group statement of financial activities (incorporating the income and expenditure account) is published, a separate statement of financial activities (incorporating the income and expenditure account) for the parent Academy Trust is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

The academy trust made a deficit of £3,623,000 deficit (2019- £2,493,000 surplus).

#### **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.

# **NEAT Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Grants receivable**

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

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

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

#### **Other income**

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

#### **Trading income**

Trading income represents the value of services provided during the year, net of discounts and Value Added Tax. For services provided, turnover is recognised to the extent that and when there is a right to consideration.

#### **Investment income**

Interest receivable is included in the statement of financial activities on an accruals basis.

#### **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.

All resources expended are inclusive of irrecoverable VAT.

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### Expenditure on raising funds

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

#### Charitable activities

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

#### Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

#### Asset class

Freehold land and buildings  
Furniture and equipment  
Motor vehicles  
Computer equipment

#### Depreciation method and rate

20-50 years straight line  
7 years straight line  
4 years straight line  
3 years straight line

# **NEAT Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Liabilities**

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

#### **Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

#### **Leased assets**

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

#### **Investments**

The academy's shareholding in the wholly owned subsidiary, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

#### **Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

# **NEAT Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Taxation**

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

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

#### **Pension benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

# **NEAT Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Fund accounting**

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

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

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

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

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

#### **Critical accounting estimates and assumptions**

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

#### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### **Depreciation**

The academy trust has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £470,000 (2019 - £424,000).



# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### Critical areas of judgement

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing indicator of impairment.

In assessing whether there have been any indicators of impairment of assets the trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

#### Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

#### Subsidiary undertaking

The financial statements include the results of NEAT Active Limited, a wholly owned subsidiary. Further details of the subsidiary and its results are set out in note 13. Profits generated by the subsidiary will be passed to the academy trust via gift aid.

### 2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
<b>Other voluntary income</b>					
Educational trips and visits	23	-	-	23	70
Capital grants	-	-	49	49	140
Other donations	16	-	-	16	21
	<u>39</u>	<u>-</u>	<u>49</u>	<u>88</u>	<u>231</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	<u>91</u>	<u>-</u>	<u>140</u>	<u>231</u>	

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
<b>DfE/ESFA revenue grants</b>					
General Annual Grant GAG	-	11,176	-	11,176	10,507
Other ESFA Group grants	-	2,404	-	2,404	1,903
	-	13,580	-	13,580	12,410
<b>Other government grants</b>					
Local authority grants	-	1,439	-	1,439	1,459
Other Government grants	-	27	-	27	69
	-	1,466	-	1,466	1,528
<b>Exceptional government funding</b>					
Coronavirus exceptional support	-	476	-	476	-
<b>Non-government grants and other income</b>					
Other income from the academy trusts educational operations	-	-	-	-	25
Total grants	-	15,522	-	15,522	13,963
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	-	13,963	-	13,963	

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 3 Funding for the Academy Trust's educational operations (continued)

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding."

The funding received for coronavirus exceptional support covers £456,000 of FSM voucher costs. These costs are included in notes 7 below as appropriate.

The academy furloughed some of its Benfield Sports Centre staff under the government's CJRS. The funding received of £20,000 relates to staff costs in respect of 8 staff which are included within note 9 below as appropriate.

### 4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
Hire of facilities	33	-	-	33	135
Catering income	107	-	-	107	140
Recharges and reimbursements	5	-	-	5	15
Other sales	178	-	-	178	103
Subsidiary income	431	-	-	431	634
	<u>754</u>	<u>-</u>	<u>-</u>	<u>754</u>	<u>1,027</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	<u>1,027</u>	<u>-</u>	<u>-</u>	<u>1,027</u>	

### 5 Investment income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
Short term deposits	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>5</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>	

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 6 Expenditure

	Non Pay Expenditure			Total 2020 £ 000	Total 2019 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds - direct costs	42	-	446	488	655
<b>Academy's educational operations</b>					
Direct costs	7,658	-	635	8,293	8,509
Allocated support costs	5,089	1,768	1,744	8,601	7,085
Expenses relating to the teaching school activities	79	-	2	81	214
	<u>12,868</u>	<u>1,768</u>	<u>2,827</u>	<u>17,463</u>	<u>16,463</u>

	Non Pay Expenditure			Total 2019 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000	
Total 2019	<u>11,967</u>	<u>1,700</u>	<u>2,796</u>	<u>16,463</u>

### Net income/(expenditure) for the year includes:

	2020 £ 000	2019 £ 000
Operating lease rentals	58	34
Depreciation	470	424
Fees payable to auditor - audit	11	10
Fees payable to auditor - other audit services	2	13
Gain/(loss) on disposal of fixed assets	-	(2)

### 7 Charitable activities

	2020 £ 000	2019 £ 000
Direct costs - educational operations	8,293	8,509
Support costs - educational operations	<u>8,601</u>	<u>7,085</u>
	<u>16,894</u>	<u>15,594</u>

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 7 Charitable activities (continued)

	Educational operations £ 000	2020 £ 000	2019 £ 000
<b>Analysis of support costs</b>			
Support staff costs	5,089	5,089	3,967
Depreciation	470	470	424
Technology costs	185	185	168
Premises costs	1,298	1,298	1,276
Other support costs	1,551	1,551	1,242
Governance costs	8	8	8
<b>Total support costs</b>	<b>8,601</b>	<b>8,601</b>	<b>7,085</b>

### 8 Staff

#### Staff costs

	2020 £ 000	2019 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	9,058	8,488
Social security costs	814	767
Operating costs of defined benefit pension schemes	2,632	2,281
	12,504	11,536
Supply staff costs	338	371
Staff restructuring costs	26	60
	12,868	11,967
	<b>2020 £ 000</b>	<b>2019 £ 000</b>
<b>Staff restructuring costs comprise:</b>		
Severance payments	26	22
Other restructuring costs	-	38
	26	60

Staff costs incurred by NEAT Active Limited, which are not included in the above figures are wages and salaries of £242,231 (2019 - £302,504), social security costs of £15,086 (2019 - £23,572) and operating costs of defined benefit pension schemes of £82,558 (2019 - £130,484).

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,350 (2019 - £8,881). Individually, the payments were:

Non-statutory payments £15,350

## NEAT Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 8 Staff (continued)

##### Staff numbers

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

	2020 No.	2019 No.
<b>Charitable Activities</b>		
Teachers	134	136
Administration and support	243	239
Management	9	9
	<u>386</u>	<u>384</u>

##### Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	1	3
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>2</u>	<u>1</u>

##### Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £901,255 (2019 - £817,679).

#### 9 Central services

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

Human resources;

- Financial services;
- Governance services;
- Education and support services;
- Technology support services

The academy trust charges for these services on the following basis:

The Trust charges for these services on an agreed percentage basis. Each academy pays the Trust 5.5% of school budget to fund central services.

The actual amounts charged during the year were as follows:

## NEAT Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 9 Central services (continued)

	2020	2019
	£ 000	£ 000
Benfield School	271	232
Central Walker Church of England Primary School	103	96
Tyneview Primary School	72	68
Walkergate Community School	165	156
West Walker Primary School	62	61
Teaching School	2	-
	<u>675</u>	<u>613</u>

#### 10 Related party transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

D Bailey (Accounting Officer):

Remuneration: £100,000 - £105,000 (2019 - £80,000 - £85,000)

Employer's pension contributions: £20,000 - £25,000 (2019 - £10,000 - £15,000)

During the year ended 31 August 2020, travel and subsistence expenses totalling £1,408 (2019 - £2,014) were reimbursed or paid directly to 2 trustees (2019 - 2).

Other related party transactions involving the trustees are set out in note 26.

#### 11 Trustees' and officers' insurance

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

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 12 Tangible fixed assets

#### Group

	Freehold land and buildings £ 000	Property improvements £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
<b>Cost</b>						
At 1 September 2019	21,792	352	199	50	257	22,650
Additions	-	87	20	-	269	376
At 31 August 2020	21,792	439	219	50	526	23,026
<b>Depreciation</b>						
At 1 September 2019	793	9	78	32	94	1,006
Charge for the year	335	13	30	12	80	470
At 31 August 2020	1,128	22	108	44	174	1,476
<b>Net book value</b>						
At 31 August 2020	20,664	417	111	6	352	21,550
At 31 August 2019	20,999	343	121	18	163	21,644



## NEAT Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 12 Tangible fixed assets (continued)

##### Academy Trust

	Freehold land and buildings £ 000	Property improvements £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
<b>Cost</b>						
At 1 September 2019	21,792	352	167	50	257	22,618
Additions	-	87	20	-	269	376
At 31 August 2020	21,792	439	187	50	526	22,994
<b>Depreciation</b>						
At 1 September 2019	793	9	69	32	94	997
Charge for the year	335	13	25	12	80	465
At 31 August 2020	1,128	22	94	44	174	1,462
<b>Net book value</b>						
At 31 August 2020	20,664	417	93	6	352	21,532
At 31 August 2019	20,999	343	98	18	163	21,621

## **NEAT Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **12 Tangible fixed assets (continued)**

In respect of Central Walker, the academy trust company occupies land (including buildings) which are owned by its Trustees who are The Diocese of Newcastle. The Trustees are the providers of the academy on the same basis as when the academy was a maintained school. The academy trust company occupies the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

#### **13 Investments**

##### **Academy Trust**

The academy trust owns 100% of the Ordinary shares of NEAT Active Limited, a company incorporated in England & Wales. Registration Number 10424587. The registered office of the company is Benfield School, Benfield Road, Newcastle upon Tyne, Tyne and Wear, NE6 4NU. The principal activity of the company is the operation of the Benfield Sports Centre. Turnover for the year ended 31 August 2020 was £1,134,000 (2019 - £686,000), expenditure was £634,000 (2019 - £828,000) and the profit/(loss) for the year was £500,000 (2019 - (£142,000)). The assets of the company at 31 August 2020 were £4,453,000 (2019 - £4,725,000), liabilities were £216,000 (2019 - £796,000) and capital and reserves were £4,237,000 (2019 - £4,266,000).

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 14 Debtors

	2020	Group	2020	Academy Trust
	£ 000	2019	£ 000	2019
		£ 000		£ 000
Trade debtors	98	50	92	14
VAT recoverable	134	57	133	55
Other debtors	5	3	4	2
Prepayments	117	102	106	100
Accrued grant and other income	749	290	749	284
Balances due from related entities	-	-	68	70
	<u>1,103</u>	<u>502</u>	<u>1,152</u>	<u>525</u>

### 15 Creditors: amounts falling due within one year

	2020	Group	2020	Academy Trust
	£ 000	2019	£ 000	2019
		£ 000		£ 000
Trade creditors	598	478	591	448
Other taxation and social security	196	205	196	198
Other creditors	4	9	4	3
Accruals	526	360	516	349
Deferred income	503	545	498	420
Pension scheme creditor	213	189	213	189
	<u>2,040</u>	<u>1,786</u>	<u>2,018</u>	<u>1,607</u>

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 15 Creditors: amounts falling due within one year (continued)

#### Group

	2020 £ 000	2019 £ 000
<b>Deferred income</b>		
Deferred income at 1 September 2019	545	373
Resources deferred in the period	503	545
Amounts released from previous periods	(545)	(373)
Deferred income at 31 August 2020	<u>503</u>	<u>545</u>

At the balance sheet date the Group was holding funds received in advance in respect of Early Years Funding, Rates Relief, Devolved Formula Capital, High Needs Funding, Universal Infant Free School Meal and swimming lessons relating to academic year 2020/21.

#### Academy Trust

	2020 £ 000	2019 £ 000
<b>Deferred income</b>		
Deferred income at 1 September 2019	420	324
Resources deferred in the period	498	420
Amounts released from previous periods	(420)	(324)
Deferred income at 31 August 2020	<u>498</u>	<u>420</u>

At the balance sheet date the Academy Trust was holding funds received in advance in respect of Early Years Funding, Rates Relief, Devolved Formula Capital, High Needs Funding and Universal Infant Free School Meals relating to academic year 2020/21.

### 16 Creditors: amounts falling due after one year

	2020 £ 000	Group 2019 £ 000	Academy Trust 2020 £ 000	2019 £ 000
Other loans	<u>22</u>	<u>-</u>	<u>22</u>	<u>-</u>

Loans of £27,716 from Salix Finance Ltd which is provided on the following terms: Salix Energy Efficiency loan - Interest free loan repayable through GAG in 6-monthly installments of £3,080 from March 2020.

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds

#### Group

	Balance at 1 September 2019 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2020 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	11,175	(11,334)	159	-
Pupil Premium	-	1,554	(1,554)	-	-
Other Grants	-	2,793	(2,793)	-	-
Teaching School	(7)	118	(81)	(2)	28
Sink Fund	105	-	-	-	105
	<u>98</u>	<u>15,640</u>	<u>(15,762)</u>	<u>157</u>	<u>133</u>
<b>Restricted fixed asset funds</b>					
Transfer on Conversion	21,238	-	(369)	-	20,869
DfE / ESFA Capital Grant	371	49	(86)	308	642
Start Up Grant	12	-	(10)	-	2
	<u>21,621</u>	<u>49</u>	<u>(465)</u>	<u>308</u>	<u>21,513</u>
<b>Restricted pension funds</b>					
Pension Reserve	<u>(4,628)</u>	<u>-</u>	<u>(743)</u>	<u>(2,731)</u>	<u>(8,102)</u>
Total restricted funds	17,091	15,689	(16,970)	(2,266)	13,544
<b>Unrestricted funds</b>					
General Fund	<u>370</u>	<u>802</u>	<u>(493)</u>	<u>15</u>	<u>694</u>
Total funds	<u>17,461</u>	<u>16,491</u>	<u>(17,463)</u>	<u>(2,251)</u>	<u>14,238</u>

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds (continued)

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

	Balance at 1 September 2018 £ 000	Restated incoming resources £ 000	Restated resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	10,507	(10,999)	492	-
Pupil Premium	-	1,480	(1,480)	-	-
Other Grants	-	1,951	(1,951)	-	-
Teaching School	21	186	(214)	-	(7)
Sink Fund	80	25	-	-	105
	<u>101</u>	<u>14,149</u>	<u>(14,644)</u>	<u>492</u>	<u>98</u>
<b>Restricted fixed asset funds</b>					
Transfer on Conversion	21,612	-	(374)	-	21,238
DfE / ESFA Capital Grant	238	140	(31)	24	371
Start Up Grant	28	-	(16)	-	12
	<u>21,878</u>	<u>140</u>	<u>(421)</u>	<u>24</u>	<u>21,621</u>
<b>Restricted pension funds</b>					
Pension Reserve	<u>(2,397)</u>	<u>-</u>	<u>(738)</u>	<u>(1,493)</u>	<u>(4,628)</u>
Total restricted funds	19,582	14,289	(15,803)	(977)	17,091
<b>Unrestricted funds</b>					
General Fund	<u>618</u>	<u>1,123</u>	<u>(660)</u>	<u>(711)</u>	<u>370</u>
Total funds	<u>20,200</u>	<u>15,412</u>	<u>(16,463)</u>	<u>(1,688)</u>	<u>17,461</u>

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

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

Other DfE/ESFA grants, Local Authority grants and other income include Pupil Premium, insurance refund, PE grant, sponsorship grants, staff development grant and year 7 catch up grant.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to LGPS, and the pension liability has therefore been aligned with these funds.

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus school funds acquired on conversion

The restricted funds are in deficit as a result of the deficit on the LGPS pension scheme alone.

Unrestricted funds can be used for any purpose at the discretion of the Academy Trust.

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds (continued)

#### Analysis of academies by cost

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 2020 £ 000
Benfield School	3,047	1,824	260	1,443	6,574
Central Walker Church of England Primary School	1,169	655	114	513	2,452
Teaching School	32	62	(3)	5	96
Tyneview Primary School	745	582	73	293	1,693
Walkergate Community School	1,963	885	97	882	3,827
West Walker Primary School	733	408	94	376	1,612
NEAT Active Limited	-	-	-	538	538
Academy Trust	<u>7,689</u>	<u>4,416</u>	<u>635</u>	<u>4,050</u>	<u>16,792</u>

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds (continued)

Expenditure incurred by each Academy during the prior 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
Benfield School	3,025	1,454	264	1,010	5,753
Central Walker Church of England Primary School	1,059	633	105	355	2,152
Teaching School	70	88	17	39	214
Tyneview Primary School	795	519	65	222	1,601
Walkergate Community School	2,157	472	76	660	3,365
West Walker Primary School	794	381	88	293	1,556
NEAT Active Limited	-	-	-	691	691
Central Services	-	520	82	105	707
Academy Trust	<u>7,900</u>	<u>4,067</u>	<u>697</u>	<u>3,375</u>	<u>16,039</u>



# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 17 Funds (continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows:

	2020 £ 000	2019 £ 000
Benfield School	(753)	(544)
Central Walker Church of England Primary School	199	194
Teaching School	27	(7)
Tyneview Primary School	175	175
Walkergate Community School	162	172
West Walker Primary School	92	86
NEAT Active Limited	(1)	(401)
Central Services	926	793
Total before fixed assets and pension reserve	827	468
Restricted fixed asset reserve	21,513	21,621
Pension reserve	(8,102)	(4,628)
Total	14,238	17,461

Benfield School has faced a challenging financial position for a number of years as its pupil numbers have fallen and then grown very rapidly. The accumulated deficit is the result of lagged income funding falling significantly short of the in-year costs associated with the staffing and resource requirements for the rising numbers of pupils. The Trust has used its reserves to act as a buffer for the school during this difficult period.

### 18 Analysis of net assets between funds

#### Group

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total £ 000
Fixed assets	18	-	21,532	21,550
Current assets	2,835	133	9	2,977
Current liabilities	(2,034)	-	(6)	(2,040)
Creditors due in more than one year	-	-	(22)	(22)
Pension scheme liability	(125)	(8,102)	-	(8,227)
	694	(7,969)	21,513	14,238

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 18 Analysis of net assets between funds (continued)

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	23	-	21,621	21,644
Current assets	2,680	98	-	2,778
Current liabilities	(1,786)	-	-	(1,786)
Pension scheme liability	(547)	(4,628)	-	(5,175)
Total net assets	<u>370</u>	<u>(4,530)</u>	<u>21,621</u>	<u>17,461</u>

### Academy Trust

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total £ 000
Fixed assets	-	-	21,532	21,532
Current assets	2,707	133	9	2,849
Current liabilities	(2,012)	-	(6)	(2,018)
Creditors due in more than one year	-	-	(22)	(22)
Pension liability	-	(8,102)	-	(8,102)
	<u>695</u>	<u>(7,969)</u>	<u>21,513</u>	<u>14,239</u>

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	21,621	21,621
Current assets	2,378	98	-	2,476
Current liabilities	(1,607)	-	-	(1,607)
Pension scheme liability	-	(4,628)	-	(4,628)
Total net assets	<u>771</u>	<u>(4,530)</u>	<u>21,621</u>	<u>17,862</u>

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 19 Commitments under operating leases

#### Group

##### Operating leases - group

At 31 August 2020 the Group had annual commitments under non-cancellable operating leases as follows:

	2020 £ 000	2019 £ 000
Amounts due within one year	29	25
Amounts due between one and five years	29	9
	<u>58</u>	<u>34</u>

#### Academy Trust

##### Operating leases - company

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

	2020 £ 000	2019 £ 000
Amounts due within one year	29	25
Amounts due between one and five years	29	9
	<u>58</u>	<u>34</u>

### 20 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	Note	2020 £ 000	2019 £ 000
Net expenditure		(972)	(1,051)
Depreciation	6	470	424
Capital grants from DfE and other capital income		(49)	(140)
Interest receivable	5	(9)	(5)
Defined benefit pension scheme cost less contributions payable	25	709	768
Defined benefit pension scheme finance cost	25	92	64
Increase in debtors		(601)	(18)
Increase in creditors		276	171
Loss on disposal of tangible fixed assets		-	2
Net cash (used in)/provided by Operating Activities		<u>(84)</u>	<u>215</u>

### 21 Cash flows from investing activities

	2020 £ 000	2019 £ 000
Dividends, interest and rents from investments	9	5
Purchase of tangible fixed assets	(376)	(303)
Capital funding received from sponsors and others	49	140
Net cash used in investing activities	<u>(318)</u>	<u>(158)</u>

## NEAT Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 22 Analysis of cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank and in hand	1,874	2,276
Total cash and cash equivalents	1,874	2,276

#### 23 Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	2,276	(402)	1,874
Loans falling due within one year	-	(6)	(6)
Loans falling due after more than one year	-	(22)	(22)
	-	(28)	(28)
Total	2,276	(430)	1,846

#### 24 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.

#### 25 Pension and similar obligations

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

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

Contributions amounting to £212,680 (2019 - £189,308) were payable to the schemes at 31 August 2020 and are included within creditors.

##### Teachers' Pension Scheme

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

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

## **NEAT Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **25 Pension and similar obligations (continued)**

##### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £909,521 (2019: £676,897).

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 schemes**

###### **Group**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,003,000 (2019 - £1,031,000), of which employer's contributions totalled £786,000 (2019 - £827,000) and employees' contributions totalled £217,000 (2019 - £204,000). The agreed contribution rates for future years are 18.6 - 36.3 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by

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.

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 25 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.70	3.50
Rate of increase for pensions in payment/inflation	2.20	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumptions (CPI)	<u>2.20</u>	<u>2.00</u>

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

	2020	2019
<b>Retiring today</b>		
Males retiring today	21.80	21.90
Females retiring today	25.00	25.10
<b>Retiring in 20 years</b>		
Males retiring in 20 years	23.50	23.60
Females retiring in 20 years	<u>26.80</u>	<u>26.90</u>

#### Sensitivity analysis

	At 31 August 2020	At 31 August 2019
	£000	£000
Discount rate +0.1%	15,919	12,091
Discount rate -0.1%	16,822	12,696
Mortality assumption – 1 year increase	15,789	11,982
Mortality assumption – 1 year decrease	16,951	12,804
CPI rate +0.1%	16,427	12,552
CPI rate -0.1%	<u>16,297</u>	<u>12,230</u>

The academy trust's share of the assets in the scheme were:

	2020	2019
	£ 000	£ 000
Property	748	620
Equities	4,352	4,726
Corporate bonds	1,863	822
Government bonds	195	296
Cash and other liquid assets	155	152
Other	<u>822</u>	<u>599</u>
Total market value of assets	<u>8,135</u>	<u>7,215</u>

The actual return on scheme assets was £149,000 (2019 - £495,000).

## NEAT Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 25 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	2020 £ 000	2019 £ 000
Current service cost	1,495	1,109
Past service cost	-	486
Interest income	(145)	(174)
Interest cost	237	238
Total amount recognised in the SOFA	<u>1,587</u>	<u>1,659</u>

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

	2020 £ 000	2019 £ 000
At start of period	12,390	8,406
Current service cost	1,495	1,109
Interest cost	237	238
Employee contributions	217	204
Actuarial (gain)/loss	2,171	2,009
Benefits paid	(148)	(62)
Past service cost	-	486
At 31 August	<u>16,362</u>	<u>12,390</u>

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

	2020 £ 000	2019 £ 000
At start of period	7,215	5,751
Interest income	145	174
Actuarial gain/(loss)	(80)	321
Employer contributions	786	827
Employee contributions	217	204
Benefits paid	(148)	(62)
At 31 August	<u>8,135</u>	<u>7,215</u>

#### Academy Trust

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £961,000 (2019 - £969,000), of which employer's contributions totalled £756,000 (2019 - £783,000) and employees' contributions totalled £205,000 (2019 - £186,000). The agreed contribution rates for future years are 18.6 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by South Tyneside Council.

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.

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 25 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.70	3.50
Rate of increase for pensions in payment/inflation	2.20	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumptions (CPI)	<u>2.20</u>	<u>2.00</u>

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

	2020	2019
<b>Retiring today</b>		
Males retiring today	21.80	21.90
Females retiring today	25.00	25.10
<b>Retiring in 20 years</b>		
Males retiring in 20 years	23.50	23.60
Females retiring in 20 years	<u>26.80</u>	<u>26.90</u>

#### Sensitivity analysis

	At 31 August 2020 £000	At 31 August 2019 £000
Discount rate +0.1%	15,676	10,999
Discount rate -0.1%	16,562	11,537
Mortality assumption – 1 year increase	16,691	10,894
Mortality assumption – 1 year decrease	15,547	11,641
CPI rate +0.1%	16,175	11,410
CPI rate -0.1%	<u>16,047</u>	<u>11,122</u>

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

	2020 £ 000	2019 £ 000
Property	737	571
Equities	4,285	4,347
Corporate bonds	1,834	757
Government bonds	192	272
Cash and other liquid assets	152	139
Other	<u>809</u>	<u>551</u>
Total market value of assets	<u>8,009</u>	<u>6,637</u>

The actual return on scheme assets was £107,000 (2019 - £456,000).



# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 25 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2020 £ 000	2019 £ 000
Current service cost	1,412	1,020
Past service cost	-	444
Interest income	(137)	(160)
Interest cost	224	217
Total amount recognised in the SOFA	1,499	1,521

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

	2020 £ 000	2019 £ 000
At start of period	11,265	7,669
Transferred in on existing academies joining the trust	1,122	-
Current service cost	1,412	1,020
Interest cost	224	217
Employee contributions	205	186
Actuarial (gain)/loss	2,030	1,789
Benefits paid	(147)	(60)
Past service cost	-	444
At 31 August	16,111	11,265

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

	2020 £ 000	2019 £ 000
At start of period	6,637	5,272
Transferred in on existing academies joining the trust	451	-
Interest income	137	160
Actuarial gain/(loss)	(30)	296
Employer contributions	756	783
Employee contributions	205	186
Benefits paid	(147)	(60)
At 31 August	8,009	6,637

### 26 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 and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

## **NEAT Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **26 Related party transactions (continued)**

##### **Expenditure related party transactions**

During the year the academy trust made the following related party transactions:

##### **NEAT Active Limited**

NEAT Active Limited is a wholly owned subsidiary of the academy trust.

During the year, the academy trust purchased goods and services totalling £43,484 (2019: £45,016), and made sales totalling £64,093 (2019: £87,430).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due from NEAT Active Limited was £68,473 (2019 - £70,415).

##### **Mr L McNall**

Mr L McNall is an employee of the academy trust and the son of a trustee.

During the year Mr L McNall was employed by the academy trust as a Teacher and was paid in line with the national pay scales.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due to Mr L McNall was £Nil (2019 - £Nil).

##### **Company of Others**

N Iftkha, a trustee of the academy trust, is a director.

During the year, the academy trust purchased goods and services totalling £350 (2019: £Nil).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due to Company of Others was £Nil (2019 - £Nil).

##### **The Dioceses of Durham and Newcastle**

The Right Reverend C Hardman, a member of the academy trust, is a director.

During the year, the academy trust purchased goods and services totalling £1,505 (2019 - £1,810).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due to The Dioceses of Durham and Newcastle was £Nil (2019 - £Nil).

#### **27 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £8,483 and disbursed £1,923 from the fund. An amount of £6,560 is included in other creditors relating to undistributed funds that is repayable to ESFA.

# NEAT Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 28 Teaching school trading account

	2020 £ 000	2019 £ 000
<b>Income</b>		
<b>Direct Income</b>		
Other income	118	186
Total Income	118	186
<b>Expenditure</b>		
<b>Direct costs</b>		
Direct staff costs	(31)	(70)
Other direct costs	3	(17)
Total direct costs	(28)	(87)
<b>Other costs</b>		
Support staff costs	(48)	(88)
Technology costs	-	(3)
Other support costs	(5)	(36)
Total other costs	(53)	(127)
Total Expenditure	(81)	(214)
Transfers between funds excluding depreciation	(2)	-
Surplus/(Deficit) from all sources	35	(28)
Teaching school balances at 1 September 2019	(7)	21
Teaching school balances at 31 August 2020	28	(7)