

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

J R Brearley
D Handley - Bishop of Newcastle
P Pearson - Newcastle Diocesan Education Board
R Scheffer - Newcastle Diocesan Education Board
R Wilson - Newcastle Diocesan Education Board in consultation with
Northumberland Estates

Trustees

J R Brearley, Chair¹
J Marshall, Vice Chair¹
R Bishopp
M Browell (resigned 26 March 2021)
J R Brown (appointed 13 October 2020, resigned 31 March 2021)
A Cox¹
A J Hardie, CEO and Accounting Officer¹
J Hope¹
P Johnson
R J Mays (appointed 13 October 2020)
A W Munns (resigned 16 September 2021)
S G Purvis¹
C Rennolds (appointed 5 July 2021)

¹ Members of the Finance, Operations and Risk Committee

Company registered number

06653439

Company name

Northumberland Church Of England Academy Trust

Principal and registered office

Josephine Butler Campus
Academy Road
Ashington
Northumberland
NE63 9FZ

Chief executive officer

A J Hardie

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Executive leadership team

A J Hardie (Accounting Officer), Chief Executive Officer
M Hinson, Principal Bishop's Primary School
L J Ritson, Headteacher, Warkworth CofE Primary School
S Wild, Principal Castle School
R Atkinson, Principal Duke's Secondary School
A J Alden, CFO and Director of Central Services

Independent auditors

Clive Owen LLP
Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

HSBC
110 Grey Street
Newcastle Upon Tyne
NE1 6JG

Solicitors

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

On 1 September 2020 NCEA Warkworth Church of England Primary School joined the Trust, and on 1 September 2021 the Trust demerged Bishop's Primary School into five separate schools.

In the period to 31 August 2021, the Trust operated four academies for pupils aged 2 to 19 serving a catchment area in East Ashington, Newbiggin-by-the-Sea, Lynemouth and Warkworth, including a special school. It has a nursery to Year 14 pupil capacity of 2,944 and had a roll of 2,763 in the school census in October 2021. In addition, the number of 2 year olds attending the Early Years Centres was 99.

All pupils are admitted through the criteria in each school's approved and published admissions policy, which is available on the relevant school web site.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association and Articles of Association are the primary governing documents of the Trust.

The Trustees of Northumberland Church of England Academy Trust are also the Directors of the charitable company for the purposes of company law.

The charitable company operates as Northumberland Church of England Academy Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on Trust business. Further details are provided in note 14

Method of Recruitment and Appointment or Election of Trustees

The Members appoint a minimum of nine Trustees which includes the Chief Executive Officer (ex-officio). Local Governing Bodies are in place for the remaining schools and two parent elects currently sit on their boards. The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected. Newcastle Diocesan Board of Education is an RLE with the right, directly or indirectly, to appoint or remove a majority of the Board of Trustees.

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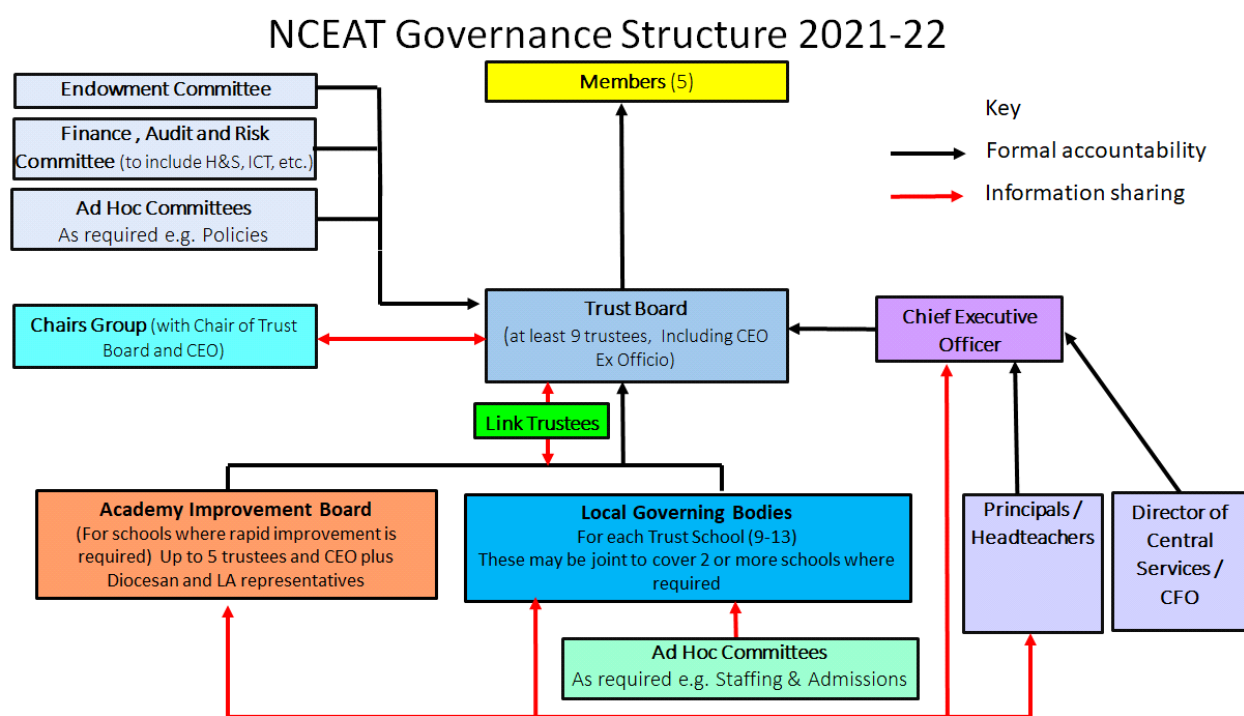
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, Governance and Management (continued)

Policies and Procedures Adopted for the Induction and Training of Trustee

The training and induction provided for new Trustees depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure



The above organisation structure also applied to 2020/21.

The CEO is responsible for the day to day running of the Trust. There are four school Principals/Headteacher and a Director of Finance and Central Services. They respectively have responsibility for the Duke's Secondary, Bishop's Primary, Warkworth CofE Primary and Castle Schools and for all central services operations. These five posts comprise the Trust's Executive Leadership Team. The next layer of management includes Deputy and Assistant Principals who have responsibility for key areas of standards and operation of Trust/school policies. Deputy and Assistant Principals meet with their relevant Principals at least weekly. Each primary campus is led by a Head of Campus who is directly managed by the Principal.

The Trust has a Joint Consultative Committee to discuss with staff association representatives' issues affecting them. This meets every term but can meet more regularly on request from the Trust or from staff representatives.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, Governance and Management (continued)

Arrangements for setting pay and remuneration of key management personnel

An annual cycle of staff appraisal and performance management is in operation. All staff are part of this system and objectives are aligned to the Trust's priorities for development. Appraisal carried out by line managers is moderated by Principals and the CEO. An annual anonymised statement of those staff awarded additional salary payments is presented to each local governing body each December.

A panel of Trustees and the School Improvement Partner undertake the appraisal and performance management of the CEO and the Principals. The panel is tasked with setting the targets for the CEO, and by extension the Trust's targets, by 31 December each year. Progress towards those targets and leadership of the Trust are discussed at regular intervals throughout the year. Performance management of the Chief Financial Officer is undertaken by a panel of Trustees covering finance, estates and facilities, and leadership.

The Director of HR acts as quality assurance for the Trust's performance management processes. The Director of HR monitors the annual pay progression of staff and following discussion with the Principals of each school will recommend its approval to the CEO, who has delegated authority from the full governing body.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where a Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The Trust pays into a local authority scheme which provides this service.

Related Parties and other Connected Charities and Organisations

The Trust is not part of any wider network or federation.

The Newcastle Diocesan Education Board is now the sole sponsor of the Trust. The sponsor is represented by four appointed Members of the Trust and appoints a minimum of eight Trustees.

Under the terms and conditions of the Endowment Trust Agreement, the original sponsors initially agreed to donate £750k each, providing a principal sum of £1.5 million to the Trustees over a five-year period, this sum to be held within a charitable Trust. The income generated and the capital donated by the sponsors to the fund shall be applied by the Trustees to advance education for the benefit of the communities of Ashington, Newbiggin-by-the-Sea and Lynemouth ("The Trust") in accordance with the principles of the Church of England in particular by:

1. Assisting and supporting the education of students at the Trust including the provision of awards, prizes and other awards.
2. Relieving the financial hardship of pupils and ex-pupils of the Trust by the provision of bursaries, scholarships, equipment or in any other way the Trust thinks fit to enable them to pursue their education.
3. Providing grants or other financial assistance to assist pupils in financial need to undertake extra-curricular activities (including educational travel in the United Kingdom and overseas).
4. Providing or assisting in the provision of services or facilities at the Trust not provided for under the Funding Agreement between the Trust and the Secretary of State for Education.
5. Fostering closer ties between the Trust and community, including promoting education in the community.

The Trust is also a related party of Ward Hadaway Solicitors, by virtue of one Trustee also being a partner at that firm.

Further details are stated in note 33.

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TRUSTEES' REPORT (CONTINUED)
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Structure, Governance and Management (continued)

Engagement with employees (including disabled persons)

The Trust engages with all of its employees in a number of ways, including both one to one and group sessions and in face to face, online and written communications. The aim of these communications is to ensure all staff have access to relevant information as employees and, in many cases, to seek their views on changes which might affect them. During the financial year this became even more important as the Covid-19 pandemic made communication more challenging and increased the risk of employees feeling disengaged or uninformed. As a result, the Trust has worked hard to reduce this risk and subsequent to the year end has appointed a marketing and communications executive to improve both internal and external communications even further.

The Trust is committed to ensuring equality of opportunity for all who learn and work in its schools. We respect and value differences in race, gender, sexual orientation, ability, class and age. We strive to remove conditions which place people at a disadvantage and we actively address bigotry and discrimination.

The Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment within the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as is possible, identical to those for other employees.

The Trust works with employee trade unions and professional associations across all of its schools and engages in consultation, as required, to ensure that all aspects of the company affecting its employees, including financial and economic factors, are discussed, conveyed and consulted on with them.

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

The Trust is committed to working with suppliers, customers and others with whom it has a business relationship in a fair and transparent way, with integrity and courtesy. We work closely with suppliers and aim to pay them in accordance with our contractual obligations. Since the beginning of the Covid-19 pandemic we have been paying many suppliers ahead of these obligations, as a publicly funded body. The Trust does not have customers in the traditional sense, although it does provide some of its facilities for hire. During the financial year, our lettings partner went into administration and the Trust did lose a substantial element of income. As a result of this we have reviewed our approach to lettings and are now aiming to internalise all of our lettings business, including its expansion to become more of a community hub for local people to use and enjoy in a sustainable and cost effective way.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and Activities

Northumberland Church of England Academy Trust Vision

Enabling everyone in our communities to let their light shine.

Northumberland Church of England Academy Trust Values

Our core LIGHT values are designed to help everyone to let their light shine *[Matthew 5:16]:*

Love: we care for each other and we help others do well. We have a concern for justice and for the vulnerable, especially those in need. *[Mark 12:31, John 3:16, John 13:24-35, Romans 12:10, 1 Corinthians 13, 1 John 4:11]*

Inclusivity: we are an open, welcoming and inclusive community that celebrates the worth of each person, and when necessary offers forgiveness and reconciliation too. *[Matthew 6:12, Ephesians 4:2, Ephesians 4:32]*

Goodness: we work hard and always seek to do what is right. We encourage one another to treat others as we would like to be treated, to do good and to serve others *[Luke 6:31, Galatians 5:22, Hebrews 10: 24, 2 Peter 1:5]*

Hope: we aspire to be the best we can be. We learn from our mistakes and try again with determination *[Psalm 25:21, Psalm 31:24, Psalm 33:18, Romans 15:4, Colossians 1:5]*

Truth: we tell the truth and are true to our word. We take responsibility for what we think, say and do. We encourage integrity and respect for authority. *[Proverbs 12:17, Mark 12:14, John 1:17, John 8:22, John 14:6]*

Northumberland Church of England Academy Trust Mission

We fulfil our vision and values through:

- Creating a culture which is deeply Christian, inclusive, nurturing and aspirational, enabling pupils and staff of all faiths and no faith to enjoy "life in all its fullness". *[John 10:10]*
- Educating for wisdom, knowledge and skills, equipping pupils to achieve lifelong success through a broad and balanced curriculum, quality teaching and a focus on employability.
- Working with hope and aspiration, making a real difference to the life chances of our pupils, removing all barriers to give them the best possible future, regardless of their starting point.
- Developing an inclusive learning community, with clear expectations for good behaviour and respect towards others so that all pupils can learn with dignity.
- Supporting a rich extracurricular life, which creates opportunities for personal development and experiences that may otherwise be out of reach of our pupils.
- Investing in our people, as our most vital resource, so that we become recognised as an excellent employer, which values and develops its staff.
- Serving our communities at all levels and creating positive relationships with our 'neighbours' so that we can live well together and collaborate for the greater good.
- Acting with integrity in the decisions we make, using commitment and endurance to focus on long term sustainability, rather than 'quick fixes'.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and Activities (continued)

Objects and Aims

The Trust aims to provide an excellent education for the communities we serve, supporting the achievement of the Trust's mission and in keeping with its Christian foundation. The Trust aims to transform the life chances of young people in the communities it serves. It is particularly concerned that they gain meaningful employment after completion of their education.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students to the Trust, the catchment area from which the students are drawn, and that the curriculums should comply with the substance of the National Curriculum.

Objectives, strategies and activities

The main objectives of the Trust during the year ended 31 August 2021 are as summarised below:

- Implement One Vision Plan to improve Duke's outcomes.
- External support to increase pupil motivation and aspirations in Duke's.
- Use pupil feedback to identify key issues for support in each school.
- Curriculum principles agreed and used for each school so that a long-term Trust curriculum plan from EYFS to Y13 is developed for each subject.
- Specific and focused CPD develops teacher knowledge skills and is continuously reviewed, evaluated & adapted.
- Review of all transition systems, especially KS2 to KS3.
- Introduce Y7 transition residential and Y6 to Y7 transition book transfer.
- Updated Vision & Mission statement articulates high aspirations for all pupils but documents and policies reviewed so aspirations are clear in all communications.
- Review of progress towards Gatsby secondary benchmarks, with 3 year plan to achieve.
- Bishop's to participate in Gatsby careers primary pilot.
- Home support for pupils who are poor attenders.
- Review and revise PSHE programmes in light of changes to SRE.
- NCEAT Literacy Strategy is implemented.
- Primary oracy project introduced and Accelerated Reader used Y5 to Y9.
- Implement aspirational behaviour for learning culture in Duke's.
- Pastoral support development for relationship building and 'sense of belonging' to improve attendance and behaviour, reducing exclusions.
- Invest endowment and pupil premium funding creating opportunities/experiences that may otherwise be out of reach.
- We will set out our NCEAT 'cultural capital' offer.
- Use survey data to create joined up well-being strategies for pupils & staff.
- Identify and implement a strategic approach to improving mental health for pupils and staff e.g. Healthy Minds or Better Mental Health at Work.
- Use staff survey feedback to create action plan to improve staff engagement.
- Create new recruitment pack, digital brochure and new staff handbook.
- Plan strategic CPD programme to motivate, upskill and develop all staff.
- Use funding from One Vision and TSP to increase CPD quality.
- Undertake a community perception survey.
- Develop & implement PR and communications plan to engage parents, pupils & communities.
- Use Kirkland Rowell feedback to identify key issues for parents and begin to tackle these.
- Use new LGBs to develop parental engagement.
- Create successful and sustainable LGBs for our schools.
- Increase governor capacity, develop succession planning but preserve team ethos.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and Activities (continued)

- Add another primary school to NCEAT by July 2020, reflecting our confidence in existing strengths here.
- H&S SLA in place and appoint Compliance Officer (internal).
- New risk management procedures introduced.
- External Whistleblowing service in place.
- New servers and improved Wi-Fi in place.
- Internal 'SLAs' set out Central Services' offer to schools.
- Clear Central Services KPIs agreed.

Public Benefit

The Trust's aims and achievements are set out within this report and have been undertaken to further its 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 benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the Trust should undertake.

Strategic Report

Achievements and Performance

Although the external examination results for both GCSE and A level were the best ever achieved by the Trust, due to Covid-19 the Department for Education are not publishing any performance tables, so none of the performance measures are available for comparison with national benchmarks. The KS1 and KS2 SAT exams were also cancelled, therefore there is no data available.

Other school performance measures include KPIs for attendance, the progress made by pupil premium children, and OFSTED judgements. The pandemic has meant that in line with academic indicators there is little meaningful data to report this year.

Key Performance Indicators

The Trust has a number of financial KPIs including operating performance, cash flow management and staff costs. All of these have been affected by the Covid-19 pandemic and although reported below, are not especially meaningful in the current year.

Measure	2020-21	2019-20
Operating performance	+141k	-39k
Net cash inflow	+76k	+236k
Staff costs as a % of revenue income	83%	85%

As with most other organisations this has been an extremely unusual year with both positive and negative effects on the Trust's financial performance and position. Most of our indicators mask a great many individual factors where reality has not conformed to expectations or the budget and the Trust is satisfied that it has done all it can to manage its KPIs effectively in this period.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic Report (continued)

Achievements and Performance (continued)

Key Performance Indicators (continued)

During the year the Trust received several forms of additional funding, as described in note 5 to these financial statements. A summary of these funds and how they were expended is shown below. There were significant additional costs arising as a result of the pandemic which the Trust has been unable to recover. This was particularly the case for the costs of covering staff absence due to illness or self-isolation, where the Trust incurred significant cost but did not meet the criteria for recovering it from the DfE.

The pandemic has not led to any change in the Trust's reserves policy. Financial performance has exceeded expectations despite the challenges we faced and we remain on track to deliver a return to a cumulative surplus position in the medium term.

The 2020-21 financial year includes Covid funding of £106k that was not fully spent. To this extent, the improvement in the year in the cumulative deficit position is artificially improved and will unwind in the 2021-22 financial year.

Covid related funding received £000	Covid funding spent in the year £000	Notes
21	21	Job retention scheme: used to support the salaries and on-costs of furloughed catering staff
89	89	Free School Meals vouchers: passed directly through the Trust as we facilitated voucher delivery to parents and carers
65	65	Support from Northumberland County Council for additional costs in relation to home schooling (packs of books and equipment for pupils) and additional cleaning for premises
13	13	Mass testing: used to ensure premises were clean and fully staffed to enable mass testing of secondary pupils at Duke's school
207	100	Covid catch up premium. This has been partly utilised in the year to support with a variety of costs and activities including additional digital devices for pupils, extra curricular activities to boost the mental and physical health of pupils and classroom and online resources to measure the impact of the pandemic on pupils' progress and help them to catch up. The unspent funds will be fully utilised in the 2021-22 academic year.

Going Concern

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic Report (continued)

Achievements and Performance (continued)

Promoting the success of the company

The Board of Trustees, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Trust for the benefit of its members, its pupils, its staff and the wider community and in doing so have regard to a range of matters when making decisions. Key decisions and matters that are of strategic importance to the Trust are appropriately informed by s172 factors.

The Board of Trustees makes decisions with a long-term view in mind and with the highest standards of conduct. Where possible, decisions are discussed with the affected groups and therefore fully understood and supported when taken. Reports are regularly made to the Board from the Chief Executive about the Trust and the strategy and key performance decisions which are made. Regular reporting enables the Trust Board to stay in touch and make the decisions with the best interests of the Trust in mind. In addition, the Board of Trustees contains members from many interested areas including the sponsor, professional educators and the local business community so that their views are constantly considered when long term decisions are made.

The Board are aware of the impact their decisions may have on the wider community and hold our reputation to the highest standards, ensuring that the Trust is compliant with laws and regulations whilst delivering the best service education to our pupils and students. We engage with the DfE, the ESFA and the Regional Schools Commissioner throughout the year and keep up to date with Government regulations ensuring that any changes are acted on swiftly. In addition, we have regular internal audits to ensure that the controls operating within the Trust are operating effectively. The Finance, Operations and Risk Committee is updated on legal and regulatory requirements and any control deficiencies on a regular basis and takes these into accounts when considering future actions.

Financial review

Most of the Trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities' SORP (FRS 102), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2021, total expenditure of £20,426,000 (2020 : £18,657,000) was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, excluding the endowment funds and excluding fixed asset funds) was £1,561,000 (2020 : £1,179,000).

The in-year surplus, excluding the pension reserve, endowment funds and restricted fixed asset funds, was £87,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic Report (continued)

The financial outcome for the year was substantially affected by the Covid-19 pandemic. Closure of the schools for a large part of the Spring and Summer terms was not complete, as all campuses remained open for children of key workers and those pupils in need of extra support. Accordingly there were significant additional costs associated with keeping the schools open and supporting both pupils and staff in the provision of home learning and home working. Many, but not all, of these costs will be recovered from the DfE and this has adversely affected the Trust's financial results.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives.

At 31 August 2021 net book value of tangible fixed assets was £44,433,000 and movements in tangible fixed assets are shown in note 16 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £15,270,000 (2020 : £13,700,000) recognised on the Balance Sheet.

The Trust held fund balances as at 31 August 2021 of £30,425,000 (2020 : £32,273,000) comprising £200,000 (2020 : £220,000) of deficit restricted general funds, £118,000 (2020 : £nil) of unrestricted funds, £44,259,000 (2020 : £44,784,000) of restricted fixed asset funds, a pension deficit of £15,270,000 (2020 : £13,700,000) and £1,518,000 (2020 : £1,409,000) of endowment funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as of 31 August 2021 was a deficit of £82,000.

Reserves Policy

The Trust holds endowment, restricted and unrestricted funds. The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for reserves is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves (total funds less the amount held in restricted fixed assets, endowment reserves and restricted general funds) is £Nil. The balance on restricted general funds excluding the pension reserve plus the balance on unrestricted funds at 31 August 2021 is a net deficit of £82,000. The Trust intends to eliminate this deficit through a detailed three year recovery plan which has now been completed. This plan requires the Trust to either increase income via resolution of pupil number income, cost saving plans or a combination of the two.

Investment Policy

The Trustees' policy regarding investments is to monitor regularly cash flow and cash balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments; to avoid its current account being overdrawn; to identify funds surplus to immediate cash requirements and transfer to an account bearing a higher interest rate; to review periodically (at least annually) interest rates and compare with other investment opportunities; and to invest funds only in risk free and immediately accessible deposit accounts.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Principal Risks and Uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from DfE/ESFA. In addition, the Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Trust Balance Sheet.

The Trustees have assessed the major risks, to which the Trust is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trust has in place procedures to identify and mitigate financial risks.

Fundraising

General charitable fundraising of the kind envisaged under the provisions of the Charities (Protection and Social Investment) Act 2016 represents a very small part of the Trust's activities and income, and is generally restricted to fundraising for specific events such as school fairs and performances. Other fundraising is for specific expenditure to support educational activities. Professional fundraisers are not used and there is therefore no monitoring required in this area.

Complaints regarding fundraising would be dealt with in accordance with the Trust's Complaints Policy, available on the website.

Streamlined Energy and Carbon Reporting

UK energy use and associated greenhouse gas emissions

Annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those assets owned or operated within the UK only. This includes all 9 schools controlled during the reporting period along with minibuses and personal vehicles used for business mileage ("grey fleet").

Reporting period

The annual reporting period is 1 September to 31 August each year and the energy and carbon emissions are aligned to this period.

Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2021 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Briar Consulting Engineers Limited.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Streamlined Energy and Carbon Reporting (continued)

The electricity, gas and minibus diesel consumption has been compiled from invoice records, with some pro-rating to match the reporting period, with seasonal reductions on gas. Mileage claims were used to calculate energy use and emissions associated with grey fleet. Biomass consumption has been estimated from the total cost for the reporting year.

Benchmarks have been used on Warkworth Primary School due to invoicing delays from suppliers. Floor area has been taken from the latest DEC certificate and kWh calculated from the energy benchmark CIBSE calculator. On site renewable solar photovoltaic electricity has been calculated from meter reads. Exported energy is not measured but estimated to be 50%. Generally gross calorific values were used except for grey fleet mileage energy calculations as per Government GHG Conversion Factors.

The associated emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of Trust activities (scope 3).

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Streamlined Energy and Carbon Reporting (continued)

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2019/20	2020/21
Mandatory requirements:		
Gas	3,175,247	2,998,095
Purchased electricity from the grid	1,805,462	943,702
Transport fuel	31,322	13,748
Total energy (mandatory)	5,012,031	3,995,545
Voluntary requirements:		
Biomass	315,996	657,955
Consumed electricity from on-site renewable sources	61,848	42,880
Total energy (voluntary)	377,844	700,078
Total energy (mandatory & voluntary)	5,389,876	4,656,380

Breakdown of emissions associated with the reported energy use (tCO₂e):

Emission source	2019/20	2020/21
Mandatory requirements:		
<u>Scope 1</u>		
Natural gas	584	549
Transport - Company owned vehicles (mini-buses)	5	2
<u>Scope 2</u>		
Purchased electricity (location-based)	421	200
<u>Scope 3</u>		
Transport – Business travel in employee-owned vehicles	2	1
Total gross emissions (mandatory)	1,012	753
<u>Intensity ratios (mandatory emissions only)</u>		
Tonnes of CO ₂ e per pupil	0.392	0.263
Tonnes of CO ₂ e per square meter floor area	0.035	0.025
Voluntary requirements:		
<u>Scope 1</u>		
Consumed electricity from on-site renewable sources	0	0
Biomass (N ₂ O & CH ₄ only emissions)	5	10
Total gross emissions (voluntary)	5	10
Total gross emissions (mandatory & voluntary)	1,017	763

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Streamlined Energy and Carbon Reporting (continued)

Intensity Ratio

The primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per pupil, which is the recommended ratio for the sector for consistency and comparability. Pupil numbers are based on the Autumn 2020 Census.

Bishop's Primary School - Josephine Butler Campus, Duke's Secondary School and Castle School are all situated within the same building and in the absence of sub-metering have been included as a single entity. It is important to note that Castle School is a SEN provision school, which inherently have a higher level of emissions per pupil due to a greater staff-to-pupil ratio; this is reflected in the intensity ratio for the site.

Further, Bishop's Primary School – Robert Stephenson's Campus is predominantly an office building with a small nursery also operating from the same premises. In the absence of sub-metering, the building is added as a single entity, however it must be noted that the intensity ratio is not comparable with other schools due to the mixed activities on site.

A secondary intensity ratio based on floor area (Gross Internal Area) is also provided to reflect the energy efficiency of the buildings, which are the source of the majority of emissions.

Academy	Previous Intensity Ratio 2019/20	Intensity Ratio 2020/21
Grace Darling Campus	0.350	0.207
James Knott Campus	0.247	0.238
Josephine Butler Campus (including Duke's Secondary School, Josephine Butler Primary and Castle School)	0.386	0.272
Thomas Bewick Campus	0.860	0.252
William Leech Campus	0.706	0.631
Robert Stephenson Campus	0.816	0.402
Warkworth CofE Primary School	N/A	0.110
Total CO₂e per pupil	0.392	0.263

Note: Figures may not sum to total due to rounding.

Energy efficiency action during current financial year

The Trust is committed to reducing emissions and this year has seen the implementation of the following energy efficiency measures:

- LED lighting upgrade to Warkworth Primary School
- New energy efficient windows and doors at James Knott and Thomas Bewick Campus
- Wood pellet boiler has been brought back into commission at Grace Darling Campus, increasing the use of renewable fuels

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for Future Periods

The Trust has recently added a new school, NCEA Warkworth Church of England Primary School. During the 2020/21 financial year the Trust plans to consolidate and integrate the school and also to consider plans for further growth. Growth will only be considered where it is viewed as controlled and sustainable.

Other key objectives for the year include the creation and implementation of a longer term digital strategy and enhancement of our estates strategy. More detailed plans for each of our schools are set out within the Trust and individual academies' development plans.

We will continue to invest in our staff and our facilities to ensure that achieving positive outcomes for our pupils and students remains at the heart of all we do.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as a custodian Trustee on behalf of others, aside from 16-19 bursary funds.

Auditors

Insofar as the Trustees are aware:

There is no relevant audit information of which the charitable company's auditors are unaware, and that 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 auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 8 December 2021 and signed on its behalf by:

J R Brearley
Chair of Trustees

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. The Board met less than 6 times due to the clearly established committees/portfolio groups of Trustees who can deal with specific areas of responsibility following robust terms of reference.

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

Trustee	Meetings attended	Out of a possible
J R Brearley, Chair	4	4
J Marshall, Vice Chair	4	4
R Bishopp	4	4
M Browell (resigned 26 March 2021)	3	3
J R Brown (appointed 13 October 2020 and resigned 31 March 2021)	2	2
A Cox	3	4
A J Hardie, CEO and Accounting Officer	4	4
J Hope	4	4
P Johnson	3	4
R J Mays (appointed 13 October 2020)	2	4
A W Munns	4	4
S G Purvis	4	4
C Rennolds (appointed 5 July 2021)	1	1

In September 2020, the Trust governance structure remained stable with a local governing body for each of the schools. R Bishopp remained as Interim Chair for Castle School with the intention of stepping aside in September 2021 once a new Chair had been established.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Academy Improvement Board was established to provide additional support for Duke's School in order to facilitate rapid improvement.

Academy Improvement Board Members	Meetings attended	Out of a possible
R Atkinson, Principal (Duke's) - Non-voting	9	9
R Bishopp, Trustee	8	9
J R Brearley, Trustee	9	9
D Cookson, Northumberland County Council	9	9
A J Hardie, CEO and Trustee	9	9
J Hope, Trustee (resigned May 2021)	7	7
J Marshall, Chair of AIB; Trustee	9	9
R Mays, Trustee	9	9
W Munns, Trustee	9	9
M Preston, (appointed May 2021)	2	2
S G Purvis, Trustee (resigned March 2021)	4	6
P Rickeard, Sponsor (Newcastle Diocese)	6	9

The Academy Improvement Board (AIB) continued to meet monthly to continue the drive to improve outcomes for the children of Duke's Secondary and to offer continuity during the turbulent period of Covid-19. Exceptional GCSE and A-level results were achieved in 2021 and the Board agreed that it would remain until further notice. S G Purvis retired from the committee to concentrate on his role as Chair of the Finance, Operations and Risk Committee (FORC). The AIB was further strengthened by the addition of Dr M Preston to the Board. In May 2021, J Hope resigned from the AIB to join FORC as the Trustee Link for health and safety. It was proposed and agreed that a local governing body would be in place for Duke's Secondary School as soon as possible but likely to be Easter 2022, to allow the AIB to focus their energies on improving standards of education.

During the accounting period, Trustees agreed to demerge Bishop's Primary School into five separate schools within the same buildings. A consultation with stakeholders took place, including parents, staff, local schools, the local authority and other interested parties. The demerger was successfully carried out on 1 September 2021, with Bishop's Primary School retaining the original URN (unique reference number) and four new schools being created.

In response to the Covid-19 restrictions, Trustees continued to monitor the robustness of the Covid-19 risk assessment. Covid-19 related policies have been updated and amended as required.

The Finance, Operations and Risk Committee (FORC) is a sub-committee of the main Board of Trustees and met seven times. It is responsible for the execution oversight, governance and validation of the Trust's responsibilities to the Secretary of State as outlined in the extant version of the Academy Trust Handbook. FORC undertakes the responsibilities of audit and internal scrutiny ensuring the Trust's fiscal systems are robust and transparent.

In May 2021, J Hope joined the committee.

Attendance during the year at meetings was as follows (*Non-voting members of the committee):

Trustee	Meetings attended	Out of a possible
S G Purvis Chair	7	7
A Alden* Chief Financial Officer	7	7
J R Brearley	7	7
A Cox	6	7
A Hardie* Accounting Officer	7	7
J Hope (joined May 2021)	2	2
J Marshall	7	7

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of Value for Money

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

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

- Successful bids for additional external funding, for example One Vision and the Tailored Support programme. This generates substantial additional funding for Duke's School in order to improve pupil outcomes, but has also benefited other Trust schools through targeting areas such as governance training and development.
- Ensuring that senior leaders in Trust schools were trained in the use of integrated curriculum and financial planning, so that this planning model could be deployed for the construction of staffing models and timetable. The most effective use of staffing ensures that the Trust will deliver value for money.
- Continuously reviewing all areas of expenditure in order to identify savings and cost reductions. This allows the maximum amount of funding to be spent directly on the pupils.

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 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 Northumberland Church of England Academy Trust for the year 1 September 2020 to 31 August 2021 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 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 Trust's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance, Operations 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
- identification and management of risks

The Board of Trustees has continued to buy into an internal audit service from Tait Walker.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The Risk and Control Framework (continued)

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

- testing of payroll systems
- testing of purchase systems
- testing of control account bank reconciliations
- testing of HR procedures
- testing of compliance and regularity
- review of financial planning and risk management
- testing of income systems

On a termly basis, the reviewer reports to the Board of Trustees through the Finance, Operations and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a short 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 internal auditor has delivered their schedule of work as planned. No material control points were noted.

Review of Effectiveness

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress;
- the work of the reviewer;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 8 December 2021 and signed on their behalf by:

J R Brearley
Chair of Trustees

A J Hardie
Accounting Officer

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Northumberland Church of England Academy Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2020.

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

A J Hardie
Accounting Officer
Date: 8 December 2021

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

J R Brearley
Chair of Trustees
Date: 8 December 2021

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST**

Opinion

We have audited the financial statements of Northumberland Church of England Academy Trust (the 'trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

give a true and fair view of the state of the Trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Trust is dependent on the continued support of creditors and ESFA, to support the Trustee's opinion that the accounts should be prepared on a going concern basis. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
the Trustees' Report and the Strategic 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST (CONTINUED)**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Trust. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be the regulations set out by the DfE/ESFA. Our audit focuses on financial matters as set out in our regularity opinion. Other key laws and regulations included safeguarding, Health & Safety, GDPR and employment law
- Enquiry of trustees and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of trustees and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

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

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST (CONTINUED)**

Christopher Beaumont BA (Hons) BFP FCA DChA (Senior Statutory Auditor)
for and on behalf of
Clive Owen LLP

Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date:

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northumberland Church of England Academy Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Northumberland Church of England Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Northumberland Church of England Academy Trust's funding agreement with the Secretary of State for Education dated 30 May 2018 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST AND THE EDUCATION & SKILLS
FUNDING AGENCY (CONTINUED)**

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- 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;
- Review of credit card transactions;
- Review of registers 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;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

**NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST AND THE EDUCATION & SKILLS
FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP
Reporting Accountant

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date:

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income and endowments from:						
Donations and capital grants:						
Transfer from local authority on conversion	145	(220)	17	-	(58)	-
Other donations and capital grants	1	-	17	-	18	260
Charitable activities	124	17,715	-	-	17,839	16,420
Other trading activities	340	14	-	-	354	297
Investments	-	-	-	28	28	54
Total income and endowments	610	17,509	34	28	18,181	17,031
Expenditure on:						
Raising funds	-	-	-	116	116	138
Charitable activities	482	19,198	630	-	20,310	18,519
Total expenditure	482	19,198	630	116	20,426	18,657
Net income/ (expenditure) before net gains/(losses) on investments	128	(1,689)	(596)	(88)	(2,245)	(1,626)
Net gains/(losses) on investments	-	-	-	197	197	(125)
Net income/ (expenditure)	128	(1,689)	(596)	109	(2,048)	(1,751)
Transfers between funds	(10)	(61)	71	-	-	-
Net movement in funds before other recognised gains/(losses)	118	(1,750)	(525)	109	(2,048)	(1,751)

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000	
Note							
Other recognised gains/(losses):							
Actuarial gains/(losses) on defined benefit pension schemes	30	-	200	-	-	200	(5,700)
Net movement in funds		<u>118</u>	<u>(1,550)</u>	<u>(525)</u>	<u>109</u>	<u>(1,848)</u>	<u>(7,451)</u>
Reconciliation of funds:							
Total funds brought forward		-	(13,920)	44,784	1,409	32,273	39,724
Net movement in funds		118	(1,550)	(525)	109	(1,848)	(7,451)
Total funds carried forward		<u>118</u>	<u>(15,470)</u>	<u>44,259</u>	<u>1,518</u>	<u>30,425</u>	<u>32,273</u>

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

The notes on pages 37 to 68 form part of these financial statements.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST

(A Company Limited by Guarantee)

REGISTERED NUMBER: 06653439

**BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	16	44,433	44,594
Investments	17	1,459	1,404
		45,892	45,998
Current assets			
Stocks	18	8	10
Debtors	19	734	823
Cash at bank and in hand		684	608
		1,426	1,441
Creditors: amounts falling due within one year	20	(1,574)	(1,410)
		(148)	31
Total assets less current liabilities		45,744	46,029
Creditors: amounts falling due after more than one year	21	(49)	(56)
Net assets excluding pension liability		45,695	45,973
Defined benefit pension scheme liability	30	(15,270)	(13,700)
Total net assets		30,425	32,273

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST

(A Company Limited by Guarantee)

REGISTERED NUMBER: 06653439

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Funds of the Trust			
Endowment funds	22	1,518	1,409
Restricted funds:			
Fixed asset funds	22	44,259	44,784
Restricted income funds	22	(200)	(220)
		44,059	44,564
Restricted funds excluding pension asset	22	44,059	44,564
Pension reserve	22	(15,270)	(13,700)
		28,789	30,864
Total restricted funds	22	28,789	30,864
Unrestricted income funds	22	118	-
		30,425	32,273
Total funds		30,425	32,273

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 06653439

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 31 to 68 were approved by the Trustees, and authorised for issue on 08 December 2021 and are signed on their behalf, by:

J R Brearley
(Chair of Trustees)

The notes on pages 37 to 68 form part of these financial statements.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	24	626	299
Cash flows from investing activities			
	26	(547)	(63)
Cash flows from financing activities			
	25	(3)	-
Change in cash and cash equivalents in the year		76	236
Cash and cash equivalents at the beginning of the year		608	372
Cash and cash equivalents at the end of the year	27, 28	684	608

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

Due to the accumulated deficit in the General Annual Grant Restricted Fund the Academy Trust is subject to additional monitoring by the Education and Skills Funding Agency (ESFA) to ensure the Trust is adequately managing its deficit. The Trustees have assessed the cash requirements for the period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust is a going concern as it has adequate resources to continue in operation existence for the foreseeable future based on the continued support of creditors' and ESFA.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

Grants

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

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

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

Donations

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

Other income

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

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Donated fixed assets (excluding transfers on conversion or into the Trust)

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

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Intangible assets

Intangible assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	- 33 % straight line
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NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long-term leasehold property	- over the life of the lease straight line
Furniture and equipment	- 20% straight line
Computer equipment	- 33% straight line
Motor vehicles	- 10% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.7 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 Operating leases

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

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.9 Provisions

Provisions are recognised when the 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.

1.10 Investments

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 19. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 20 and 21. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Stocks

Unsold uniforms and catering stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.13 Taxation

The 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 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.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.14 Pensions

Retirement benefits to employees of the 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 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 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.

1.15 Fund accounting

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

Endowment funds represents the resources from a permanent endowment fund which have been aggregated into these financial statements..

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

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

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

1.16 Aggregated results

These financial statements aggregate the results of the Northumberland Church of England Academy Endowment Trust, a Trust in which the Trust is the sole Trustee and sole beneficiary, further details are given in note 34.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.17 Agency arrangements

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 funds received and paid and any balances held are disclosed in note 35.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Amortisation - Amortisation is calculated so as to write off the cost of an intangible asset over the economic life of that intangible asset. An estimate of the useful life of intangible assets is detailed in the amortisation accounting policy. The value of amortisation charge during the year was £nil.

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £630,000.

Critical areas of judgment:

Land – Land is held under a 125 year lease from Northumberland County Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

3. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, there are academies within the Trust which were subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the Trust exceeded the limits during the year ended 31 August 2021.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

4. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations					
Transfer from local authority on conversion	145	(220)	17	(58)	-
Subtotal detailed disclosure	<u>145</u>	<u>(220)</u>	<u>17</u>	<u>(58)</u>	<u>-</u>
Other donations	1	-	52	53	7
Capital Grants	-	-	(35)	(35)	253
Subtotal	<u>1</u>	<u>-</u>	<u>17</u>	<u>18</u>	<u>260</u>
	<u>146</u>	<u>(220)</u>	<u>34</u>	<u>(40)</u>	<u>260</u>
Total 2020	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>253</u></u>	<u><u>260</u></u>	

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. Funding for the Trust's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,450	12,450	11,643
Other DfE/ESFA grants				
Pupil Premium	-	1,284	1,284	1,233
PE and Sport Premium	-	61	61	43
UIFSM	-	152	152	150
Rates	-	122	122	120
Year 7 Catch Up	-	-	-	13
Teachers' pay grant	-	149	149	140
Teachers' pension grant	-	450	450	425
Other DfE Group grants	-	190	190	194
	-	14,858	14,858	13,961
Other Government grants				
SEN	-	1,253	1,253	1,138
Early Years Funding	-	892	892	781
Local Authority grants	-	130	130	105
	-	2,275	2,275	2,024
Other income from the Trust's academy's educational operations	124	187	311	312
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	207	207	-
Other DfE/ESFA COVID-19 funding	-	167	167	123
	-	374	374	123
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	21	21	-
	-	21	21	-
	124	17,715	17,839	16,420
Total 2020	283	16,137	16,420	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the trust's funding for Teachers' pension grants is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. Funding for the Trust's educational operations (continued)

The Trust received £207k of funding for catch-up premium and costs incurred in respect of this funding totalled £100k, with the remaining £107k to be spent in 2021/22.

The Trust furloughed some of its catering staff under the government's CJRS. The funding received of £21k relates to staff costs in respect of 6 catering staff which are included within note 11 below as appropriate.

6. Income from other trading activities

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from facilities and services	154	-	154	146
Other	186	14	200	151
	<u>340</u>	<u>14</u>	<u>354</u>	<u>297</u>
Total 2020	<u>297</u>	<u>-</u>	<u>297</u>	

7. Investment income

	Unrestricted funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Interest from short term deposits	-	-	-	2
Endowment dividends and interest	-	28	28	52
	<u>-</u>	<u>28</u>	<u>28</u>	<u>54</u>
Total 2020	<u>2</u>	<u>52</u>	<u>54</u>	

NORTHUMBERLAND CHURCH OF ENGLAND ACADEMY TRUST
(A Company Limited by Guarantee)

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

8. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	Total 2020 £000
Expenditure on investment management	-	-	116	116	138
Academy's educational operations:					
Direct costs	14,323	-	719	15,042	13,920
Allocated support costs	2,184	1,860	1,224	5,268	4,599
	<u>16,507</u>	<u>1,860</u>	<u>2,059</u>	<u>20,426</u>	<u>18,657</u>
Total 2020	<u>15,330</u>	<u>1,539</u>	<u>1,788</u>	<u>18,657</u>	

In 2021, of the total expenditure, £482,000 (2020 - £589,000) was to unrestricted funds, £630,000 (2020 - £614,000) was to restricted fixed asset funds, £116,000 (2020 - £138,000) was to endowment funds and £19,198,000 (2020 - £17,316,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Cash losses

There were total unrecoverable debts experienced by the Trust of £1,529. No individual debt of more than £350 was written off.

There were no ex-gratia payments in the year.

9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Academy's educational operations	<u>15,042</u>	<u>5,268</u>	<u>20,310</u>	<u>18,519</u>
Total 2020	<u>13,920</u>	<u>4,599</u>	<u>18,519</u>	

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9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Staff costs	14,323	13,181
Educational supplies	576	559
Examination fees	85	93
Staff development	32	36
Technology costs	1	20
Educational consultancy	12	11
Staff expenses	2	10
Transport	11	10
	<u>15,042</u>	<u>13,920</u>

Analysis of support costs

	Total funds 2021 £000	Total funds 2020 £000
Net interest cost on pension scheme	230	120
Staff costs	2,184	2,149
Depreciation	630	614
Technology costs	166	139
Maintenance of premises	275	189
Cleaning	331	36
Other premises costs	67	138
Energy	415	398
Rent & rates	134	140
Insurance	56	52
Operating lease rentals	123	129
Catering	388	314
Legal costs - conversion	8	-
Legal costs - other	22	9
Other costs	221	155
Governance costs	18	17
	<u>5,268</u>	<u>4,599</u>

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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £000	2020 £000
Operating lease rentals	123	129
Depreciation of tangible fixed assets	630	614
(Gain)/Loss on disposal of investment assets	(197)	125
Fees paid to auditors for:		
- audit	16	15
- other services	1	2
	16	154

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £000	2020 £000
Wages and salaries	11,468	10,749
Social security costs	1,099	997
Pension costs	3,753	3,214
	16,320	14,960
Agency staff costs	187	308
Staff restructuring costs	-	62
	16,507	15,330

Staff restructuring costs comprise:

	2021 £000	2020 £000
Redundancy payments	-	28
Severance payments	-	34
	-	62

Included within the operating costs of the defined benefit scheme is £1,320,000 (2020: £1,020,000) in respect of movements in the LGPS pension deficit.

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11. Staff (continued)

b. Staff numbers

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

	2021 No.	2020 No.
Teachers	179	169
Administration and support	308	308
Management	6	5
	493	482
	493	482

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	5	3
In the band £70,001 - £80,000	4	3
In the band £90,001 - £100,000	1	2
In the band £120,001 - £130,000	-	1
In the band £130,001 - £140,000	1	-
	1	-
	1	-

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Executive Leadership Team as listed on page 2. 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 Trust was £684,000 (2020 : £678,000)

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12. Central services

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

Educational support staff
Finance and administrative staff
External Audit service provision
Internal Audit service provision
ICT support costs and licences
HR services
Minibus costs
Data management services
Learner welfare services
Other non-educational professional services

The Trust charges for these services on the following basis:

These services are paid for by each academy in the Trust and is based on the percentage of GAG which each academy contributes toward the Trust.

The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
Duke's Secondary School	567	248
Bishop's Primary School	285	267
Castle School	377	53
Warkworth Church of England Primary School	48	-
Total	1,277	568

13. Trustees' remuneration and expenses

One or more Trustees have been paid remuneration or have received other benefits from an employment with the 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. The value of Trustees' remuneration and other benefits was as follows:

		2021 £000	2020 £000
Alan Hardie, Chief Executive Officer	Remuneration	130 - 135	125 - 130
	Pension contributions paid	30 - 35	30 - 35

During the year ended 31 August 2021, expenses totalling £24 were reimbursed or paid directly to 1 Trustee (2020 - £NIL to no Trustees).

14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance 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 membership.

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15. Intangible assets

	Computer software £000	Computer software £000	Total £000
At 1 September 2020	-	40	40
Disposals	(40)	-	(40)
	<hr/>	<hr/>	<hr/>
At 31 August 2021	(40)	40	-
	<hr/>	<hr/>	<hr/>
At 1 September 2020	-	40	40
On disposals	(40)	-	(40)
	<hr/>	<hr/>	<hr/>
At 31 August 2021	(40)	40	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 August 2021	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2020	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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16. Tangible fixed assets

	Leasehold land and buildings £000	Computer equipment £000	Furniture and equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 September 2020	48,377	2,604	663	21	-	51,665
Additions	299	83	73	-	3	458
Acquired on conversion	11	-	-	-	-	11
At 31 August 2021	<u>48,687</u>	<u>2,687</u>	<u>736</u>	<u>21</u>	<u>3</u>	<u>52,134</u>
Depreciation						
At 1 September 2020	4,087	2,542	425	17	-	7,071
Charge for the year	514	40	75	1	-	630
At 31 August 2021	<u>4,601</u>	<u>2,582</u>	<u>500</u>	<u>18</u>	<u>-</u>	<u>7,701</u>
Net book value						
At 31 August 2021	<u><u>44,086</u></u>	<u><u>105</u></u>	<u><u>236</u></u>	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>44,433</u></u>
At 31 August 2020	<u><u>44,290</u></u>	<u><u>62</u></u>	<u><u>238</u></u>	<u><u>4</u></u>	<u><u>-</u></u>	<u><u>44,594</u></u>

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17. Fixed asset investments

	Listed securities £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 September 2020	1,368	36	1,404
Additions	1,753	-	1,753
Disposals	(1,679)	(19)	(1,698)
	<u>1,442</u>	<u>17</u>	<u>1,459</u>
At 31 August 2021	<u><u>1,442</u></u>	<u><u>17</u></u>	<u><u>1,459</u></u>
Net book value			
At 31 August 2021	<u>1,442</u>	<u>17</u>	<u>1,459</u>
At 31 August 2020	<u><u>1,368</u></u>	<u><u>36</u></u>	<u><u>1,404</u></u>

18. Stocks

	2021 £000	2020 £000
Catering stocks	8	10
	<u><u>8</u></u>	<u><u>10</u></u>

19. Debtors

	2021 £000	2020 £000
Trade debtors	15	40
VAT recoverable	144	30
Other debtors	4	7
Prepayments and accrued income	571	746
	<u>734</u>	<u>823</u>
	<u><u>734</u></u>	<u><u>823</u></u>

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20. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Other loans	7	3
Trade creditors	489	232
Other taxation and social security	256	226
Other creditors	290	280
Accruals and deferred income	532	669
	1,574	1,410
	1,574	1,410
	2021 £000	2020 £000
Deferred income at 1 September 2020	426	161
Resources deferred during the year	260	432
Amounts released from previous periods	(426)	(161)
	260	432
	260	432

At the reporting date the Trust was holding funds received in relation to a CIF income repayment, rates relief and universal infant free school meals.

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

	2021 £000	2020 £000
Loan from ESFA under Condition Improvement Fund	49	56
	49	56

This loan was received in 2019 to enable the Trust to update the fire safety equipment at its Thomas Bewick campus. The loan is repayable from GAG over ten years, with a repayment holiday until March 2021. It attracts an interest rate of 2.29%.

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22. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
Unrestricted funds	-	610	(482)	(10)	-	118
Endowment funds						
Endowment Fund	1,409	28	(116)	-	197	1,518
Restricted general funds						
General Annual Grant (GAG)	(220)	12,450	(12,498)	(61)	-	(329)
Pupil premium	-	1,284	(1,284)	-	-	-
Catch-up premium	-	207	(100)	-	-	107
Other DfE/ESFA grants	-	1,124	(1,119)	-	-	5
SEN	-	1,253	(1,253)	-	-	-
Other Government grants	-	1,022	(1,022)	-	-	-
Other income	-	201	(184)	-	-	17
Other DfE/ESFA COVID-19 funding	-	167	(167)	-	-	-
Coronavirus Job Retention Scheme grant	-	21	(21)	-	-	-
Pension reserve	(13,700)	(220)	(1,550)	-	200	(15,270)
	(13,920)	17,509	(19,198)	(61)	200	(15,470)
Restricted fixed asset funds						
Transferred on conversion	43,814	11	(378)	-	-	43,447
DfE/ESFA capital grants	242	62	(89)	-	-	215

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

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Capital expenditure from GAG	179	-	(97)	42	-	124
Local Authority	112	6	(40)	-	-	78
Sports England	103	-	(20)	-	-	83
CIF	334	(102)	-	19	-	251
Donations	-	50	(1)	5	-	54
Other grants	-	7	(5)	-	-	2
Endowment fund	-	-	-	5	-	5
	<u>44,784</u>	<u>34</u>	<u>(630)</u>	<u>71</u>	<u>-</u>	<u>44,259</u>
Total Restricted funds	<u>30,864</u>	<u>17,543</u>	<u>(19,828)</u>	<u>10</u>	<u>200</u>	<u>28,789</u>
Total funds	<u><u>32,273</u></u>	<u><u>18,181</u></u>	<u><u>(20,426)</u></u>	<u><u>-</u></u>	<u><u>397</u></u>	<u><u>30,425</u></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 of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Universal Infant Free School Meals (included within Other DfE/ESFA Grants) is funding to provide a free school lunch to all pupils in reception, year 1 and year 2.

Other DfE/ESFA Grants also includes the PE and sport premium grant, rates relief, teachers' pay grant and teachers' pension grant.

Catch-up premium is used to fund specific activities to support the pupils' education recovery.

Other DfE/ESFA COVID funding relates to funding received for the purchase of free school meal vouchers.

The Coronavirus Job Retention Scheme grant is used to fund the salaries of staff who have been furloughed in the year.

Other Government grants include Early Years funding for three and four year old children, funding for pupils with Special Educational Needs and other income from the local authority.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 30.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

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22. Statement of funds (continued)

Unrestricted funds include the income from uniform sales, school trips, the purchase of a fixed asset and catering with the relevant costs allocated accordingly.

A transfer of £103,000 has been made to capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds					
Unrestricted funds	-	589	(589)	-	-
Endowment funds					
Endowment Fund	1,620	52	(138)	(125)	1,409
Restricted general funds					
General Annual Grant (GAG)	(181)	11,643	(11,682)	-	(220)
Pupil premium	-	1,233	(1,233)	-	-
Other DfE/ESFA grants	-	1,085	(1,085)	-	-
SEN	-	1,138	(1,138)	-	-
Other Government grants	-	1,009	(1,009)	-	-
Other income	-	29	(29)	-	-
Pension reserve	(6,860)	-	(1,140)	(5,700)	(13,700)
	<u>(7,041)</u>	<u>16,137</u>	<u>(17,316)</u>	<u>(5,700)</u>	<u>(13,920)</u>
Restricted fixed asset funds					
Transferred on conversion	44,190	-	(376)	-	43,814
DfE/ESFA capital grants	248	48	(54)	-	242
Capital expenditure from GAG	288	-	(109)	-	179
Local Authority	134	-	(22)	-	112
Sports England	123	-	(20)	-	103
CIF	162	205	(33)	-	334
	<u>45,145</u>	<u>253</u>	<u>(614)</u>	<u>-</u>	<u>44,784</u>
Total Restricted funds	<u>38,104</u>	<u>16,390</u>	<u>(17,930)</u>	<u>(5,700)</u>	<u>30,864</u>
Total funds	<u>39,724</u>	<u>17,031</u>	<u>(18,657)</u>	<u>(5,825)</u>	<u>32,273</u>

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22. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Central services	(160)	(153)
Duke's Secondary School	207	21
Bishop's Primary School	(76)	87
Castle School	(106)	(175)
Warkworth Church of England Primary School	53	-
	(82)	(220)
Total before fixed asset funds and pension reserve		
Restricted fixed asset fund	44,259	44,784
Pension reserve	(15,270)	(13,700)
	28,907	30,864
Total	28,907	30,864

All elements of the Trust except for Bishop's primary school, Duke's secondary school and Warkworth Church of England Primary School are carrying net reserve deficits. These have arisen as a result of a number of years of underfunding, despite rigorous efforts to increase income and reduce costs, which will continue into the future. The Trust is taking the following action to return these funds to surplus:

- Letting of school premises to improve income
- Retendering of contracts for grounds maintenance, external audit and refuse disposal
- Replacement of all Trust lighting with LED bulbs (in a previous year)

The school balances above includes a purchase of £123k for a prefabricated classroom.

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22. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	Total 2020 £000
Central services	1,573	856	12	516	2,957	2,437
Duke's Secondary School	4,619	382	306	812	6,119	5,729
Bishop's Primary School	6,020	760	175	998	7,953	7,651
Castle School	1,700	98	32	186	2,016	2,088
Warkworth Church of England Primary School	411	88	51	85	635	-
Trust	14,323	2,184	576	2,597	19,680	17,905

23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	118	-	44,315	-	44,433
Fixed asset investments	-	-	-	1,459	1,459
Current assets	76	1,019	188	143	1,426
Creditors due within one year	(76)	(1,170)	(244)	(84)	(1,574)
Creditors due in more than one year	-	(49)	-	-	(49)
Provisions for liabilities and charges	-	(15,270)	-	-	(15,270)
Total	118	(15,470)	44,259	1,518	30,425

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23. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	44,594	-	44,594
Fixed asset investments	-	-	-	1,404	1,404
Current assets	30	1,152	249	10	1,441
Creditors due within one year	(30)	(1,372)	(3)	(5)	(1,410)
Creditors due in more than one year	-	-	(56)	-	(56)
Provisions for liabilities and charges	-	(13,700)	-	-	(13,700)
Total	-	(13,920)	44,784	1,409	32,273

24. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £000	2020 £000
Net expenditure for the year (as per Statement of Financial Activities)	(2,048)	(1,751)
Adjustments for:		
Depreciation	630	614
Capital grants from DfE and other capital income	231	81
Interest receivable	-	(2)
Defined benefit pension scheme obligation inherited	220	-
Defined benefit pension scheme cost less contributions payable	1,320	1,020
Defined benefit pension scheme finance cost	230	120
Decrease/(increase) in stocks	2	(1)
Decrease/(increase) in debtors	89	(209)
Increase in creditors	160	302
(Gain)/Loss on fixed asset investments	(197)	125
Transfer of assets on acquisition	(11)	-
Net cash provided by operating activities	626	299

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NOTES TO THE FINANCIAL STATEMENTS
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25. Cash flows from financing activities

	2021 £000	2020 £000
Repayments of borrowing	(3)	-
Net cash (used in)/provided by financing activities	(3)	-

26. Cash flows from investing activities

	2021 £000	2020 £000
Dividends, interest and rents from investments	-	2
Purchase of tangible fixed assets	(458)	(63)
Purchase of investments	(1,753)	(434)
Proceeds from the sale of investments	1,895	513
Capital grants from DfE Group	(231)	(81)
Net cash used in investing activities	(547)	(63)

27. Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash in hand and at bank	684	608
Total cash and cash equivalents	684	608

28. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	608	76	684
Debt due within 1 year	(3)	(4)	(7)
Debt due after 1 year	(56)	7	(49)
	549	79	628

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29. Capital commitments

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	16	205
	16	205

30. Pension commitments

The 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 Northumberland County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £275,000 were payable to the schemes at 31 August 2021 (2020 - £252,000) and are included within creditors.

Teachers' Pension Scheme

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

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

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.

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30. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £1,673,000 (2020 - £1,484,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £1,010,000 (2020 - £950,000), of which employer's contributions totalled £760,000 (2020 - £710,000) and employees' contributions totalled £ 250,000 (2020 - £240,000). The agreed contribution rates for future years are 18.5 per cent for employers and 5.5 to 10.5 per cent for employees.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	4.1	3.8
Rate of increase for pensions in payment/inflation	2.6	2.3
Discount rate for scheme liabilities	1.7	1.7
Inflation assumption (CPI)	2.6	2.3
Commutation of pensions to lump sums	75.0	75.0

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

	2021	2020
	Years	Years
Retiring today		
Males	21.9	21.8
Females	25.1	25.0
Retiring in 20 years		
Males	23.6	23.5
Females	26.9	26.8

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30. Pension commitments (continued)

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(980)	(850)
Discount rate -0.1%	1,020	890
Mortality assumption - 1 year increase	(1,510)	(1,280)
Mortality assumption - 1 year decrease	1,550	1,280
CPI rate +0.1%	860	750
CPI rate -0.1%	(860)	(750)
	<u> </u>	<u> </u>

Share of scheme assets

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

	2021 £000	2020 £000
Equities	14,250	11,660
Government bonds	540	520
Corporate bonds	5,150	4,990
Property	2,050	2,000
Cash	1,030	410
Other	2,610	2,200
	<u> </u>	<u> </u>
Total market value of assets	<u>25,630</u>	<u>21,780</u>

The actual return on scheme assets was £3,060,000 (2020 - £(960,000)).

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

	2021 £000	2020 £000
Current service cost	(1,320)	(1,020)
Interest income	380	430
Interest cost	(610)	(550)
	<u> </u>	<u> </u>
Total amount recognised in the Statement of Financial Activities	<u>(1,550)</u>	<u>(1,140)</u>

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30. Pension commitments (continued)

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

	2021 £000	2020 £000
At 1 September	34,770	29,110
Transferred in on conversion of academy trusts	470	-
Current service cost	1,320	1,020
Interest cost	610	550
Employee contributions	250	240
Actuarial losses	2,480	4,310
Benefits paid	(470)	(460)
	<u>39,430</u>	<u>34,770</u>

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

	2021 £000	2020 £000
At 1 September	21,780	22,250
Transferred in on conversion of academy trusts	250	-
Interest income	380	430
Actuarial gains/(losses)	2,680	(1,390)
Employer contributions	760	710
Employee contributions	250	240
Benefits paid	(470)	(460)
	<u>25,630</u>	<u>21,780</u>

31. Operating lease commitments

At 31 August 2021 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	2020 £000
Not later than 1 year	98	124
Later than 1 year and not later than 5 years	234	298
Later than 5 years	172	233
	<u>504</u>	<u>655</u>

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32. 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.

33. Related party transactions

Owing to the nature of the 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 Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure related transactions

Newcastle Diocesan Education Board - a Trust sponsor from which Trustees have been appointed. The Newcastle Diocesan Education Board (NDEB) is a Member of the Academy Trust and jointly employs the Joint Education Team (JET), together with the Durham Diocesan Board of Finance, which is unconnected with the Trust. The JET works across both the CofE Diocese of Newcastle and CofE Diocese of Durham.

- The JET team's officers provide services to the Trust under a partnering agreement and £8,000 (2020: £4,000) was paid to the NDEB during the period as part of the basic partnering support agreement charged to all CofE schools within the Diocese. There were no amounts outstanding at 31 August 2021 (2020: £nil).
- In entering into the transaction the academy Trust has complied with the requirements of the Academies Financial Handbook 2020.

Ward Hadaway - a company in which A Cox, Trustee, is a partner.

The Trust continues to use Ward Hadaway for HR Legal Services. A Cox, as a property partner, has no involvement in this contract.

- During the year, Ward Hadaway charged the Trust £11,000 (2020: £11,000) for these services. Included within trade creditors is an amount of £3,000 (2020: £3,000) owed to Ward Hadaway.
- Per the Academies Financial Handbook 2020 the 'at cost' requirement does not apply.

Whilst the following does not meet the definition of related party transactions, as set out in the ATH and the Charity SORP, the following transactions have taken place.

J Marshall, Trustee, is the chairman of Newcastle United foundation. During the year the following transactions were entered into:

Sports goods and services of £13,000 were purchased and rental income of £10,000 was received from the above.

J Marshall had no involvement in transactions set out above.

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34. Aggregated fund

The Trust is the sole Trustee of the Northumberland Church of England Academy Endowment Trust, a registered charity (number 1136497). This charity was set up to hold donations from the Trust's two sponsors, the Newcastle Diocesan Education Board and the Duke of Northumberland's Charity. The purpose of the Trust is to invest the sponsors' donations and apply the income towards the objects of the Trust.

The results of the Endowment Trust for the year and its position at the year end were as follows:

	2021 £000	2020 £000
Investment income receivable	28	52
Investment costs	(7)	(8)
Losses on investments	197	(125)
Expenditure agreed to support student activities and governance	(109)	(130)
	109	(211)
	109	(211)
	2021 £000	2020 £000
Fixed asset investments	1,459	1,404
Debtors	-	-
Cash at bank and in hand	143	10
Creditors	(84)	(5)
	1,518	1,409
	1,518	1,409

35. Agency arrangements

The Trust distributed 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021, the Trust received £20,000 (2020 : £23,000) and disbursed £33,000 (2020: £14,000) from the fund. An amount of £11,000 (2020 : £24,000) is included in other creditors relating to undistributed funds that is repayable to ESFA if it remains unused.