

Company Registration Number: (07189647)

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COMPANIES**

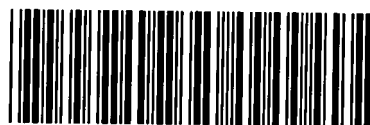
NORTHERN EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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NORTHERN EDUCATION TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	L H Walton C Roberts J B Oglethorpe (deceased 28 March 2017) M Sanders (appointed 23 June 2017)
Trustees	L H Walton, Chairman C Roberts M Sanders ² P Callaghan ² S Duncan ¹ J Copping T Grieveson ¹ J Foster J Nolan D Hall (resigned 12 December 2016) D Pearmain (resigned 27 September 2016) S Davison (resigned 27 September 2016) ¹ members of the Achievement and Climate Committee ² members of Audit and Risk Committee
Non Executive Trustees	
H Armstrong J B Oglethorpe (deceased 28 March 2017)	
Company registered number	07189647
Company name	Northern Education Trust
Principal and Registered Office	Cobalt Business Exchange Cobalt Park Way Wallsend Newcastle Upon Tyne NE28 9NZ
Company Secretary	A A Thom
Accounting Officer	I Kershaw (resigned 31 August 2017) R Tarn (appointed 1 September 2017)
Trust Corporate - Senior Management Team	I Kershaw, Chief Executive (resigned 31 August 2017) I Hickman, Chief Operating Officer J Telford, Director of Human Resources H Clegg, Director of Primary Academies D Brown, Director of Governance, Standards & Safeguarding G Edmunds, Director of Finance I Lane, Director of Secondary Academies
Independent auditor	RSM UK Audit LLP, Statutory Auditor Chartered Accountants 5th Floor, Central Square 29 Wellington Street Leeds LS1 4DL

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers	Barclays Bank Teesdale Business Park Stockton on Tees TS17 6YG
Solicitors	A A Thom In House Solicitor

NORTHERN EDUCATION TRUST

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Northern Education Trust

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

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

During the 2016/17 year the Academy Trust was funded for c 11,700 students (split 8,000 secondary and 3,700 primary) and employed 1,951 staff equating to 1,432 full time equivalent staff.

Northern Education Trust (NET) aim to transform young peoples's lives through excellent learning experiences leading to outstanding outcomes that ensure they can fulfil their potential. The Trust's core values are drawn from our Trustees' belief that the welfare of others is the first concern of all and that the education of every child is held to be of equal value.

Northern Education Trust are passionate about the role of schools in their communities and in being at the heart of learning. Trustees are committed to working with local authorities, other agencies and industry and want our academies to be amongst the best nationally and internationally, so that our pupils and students can have the opportunity to be economically self-reliant and have the ability to choose their own pathways to success.

Structure, governance and management

a. ETHOS, VISION and PURPOSE

Constitution

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

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. MEMBERS' LIABILITY

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

c. TRUSTEES' INDEMNITIES

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

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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

1. L H Walton
2. C Roberts
3. J B Oglethorpe (deceased 28 March 2017)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

4. the chair of the Trustees; and
5. any person appointed under Article 16.

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

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

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

f. ORGANISATIONAL STRUCTURE

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

The Trust Board's responsibilities are:

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

At the Academy level, there are Local Governing Bodies, regional hubs and in exceptional circumstances Interim Executive Boards. The main roles and responsibilities are:

1. Help set high standards by planning for the future and setting targets for school improvement.
2. Maintain and further develop school improvement.
3. Support the Principal to respond to the needs of parents and the community.
4. Support and engage with the local community.
5. Not intervene in the day-to-day management of the school unless there are weaknesses in the school, when it then has a duty to take action.

Arrangements for setting pay and remuneration of key management personnel

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

1.	I Kershaw	Chief Executive and Accounting Officer (Resigned as Accounting Officer 31 August 2017)
2.	I Hickman	Chief Operating Officer
3.	H Clegg	Director of Primary Academies
4.	J Telford	HR Director
5.	D Brown	Director of Governance, Standards and Safeguarding
6.	G Edmunds	Director of Finance
7.	I Lane	Director of Secondary Academies

The Academy Trust appointed a new Chief Executive and Accounting Officer effective from the 1 September 2017. The post was a Trustee appointment and its remuneration agreed by the Academy Trust Board. During the period 2016/17 this was the only change to the Trust Senior Management Team. Remuneration of key management personnel is determined by the Trusts Corporate Coordination & Scrutiny Committee (CCS). CCS co-ordinates the Trusts Achievement and Climate Committee and the Audit and Risk Committee on

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

items of strategic importance which overlap in order that an aligned view is taken prior to final consideration and sign off by the Board. Trustees may delegate matters in relation to the remuneration of Trustees and Officers to the Chief Executive.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Related Parties and other Connected Charities and Organisations

NET was formed in June 2012 and sponsored by Northern Education Associates (NEA). NEA is a successful school improvement company and a completely separate legal entity. The Trust is responsible and accountable for the performance of its academies and has a funding agreement with the Education & Skills Funding Agency with further supplemental funding agreements for each Academy it then sponsors. With effect from the 31st August 2014 there have been no related party transactions between NET and NEA. For further information regarding transactions with related parties see note 26.

Objectives and Activities

a. OBJECTS AND AIMS

Purpose

Our values seek to ensure that each Academy provides learning experiences enabling every individual to begin to look at learning as a life-long activity, pursued within a community which proclaims that:

The welfare of others is the first concern of all

Such a guiding principle requires all those skills and attitudes that encompass such words as tolerance, flexibility, sensitivity, compassion and respect. Trustees would wish to endorse the strength of each of these words and to expect that each of them be associated with the single most important principle of a comprehensive education. That is:

The education of every child is held to be of equal value in the comprehensive community school.

This principle applied to practice, needs more precise thought, determined implementation and constant monitoring than systems pretending greater simplicity. It must overarch decisions, guide planning and inform the style of relationships in each Academy. It is through the discovery of organisational and human relationships which reflect this principle, that expectations can be raised.

It does not mean that everyone is equal in talent, social behaviour or opportunities. Rather it recognises individual differences and starting points, accepts proficiencies and deficiencies and notwithstanding these accepts the essential value and rights of the individual.

We believe that the progress of pupils and students in their academic, social and physical development should be our prime focus, no matter their starting points. We believe that the Trust's success should be measured against students' achievements and their progression to further education or training, higher education and to economic security and success in the world of work.

The principles of the welfare of others and of equal value must govern all decisions concerning pastoral and academic organisation and practices. It should also inform the style of relationships between staff and students and between Academy and the community served.

In order to achieve this, we believe that investment in the development, welfare and care of our staff must be at the heart of our employment policies.

There is a single overarching rule that the Trust expects to be promoted and upheld in the Trust and its Academies:

"Every student and adult is expected to behave in a responsible manner, both to themselves and others, showing consideration courtesy and respect for other people at all times"

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Objectives, Strategies and Activities

So that the Trust can fulfil our ambition for every child and our commitment to placing children at the heart of everything we do, we have seven strategic aims within the medium term Business Plan which govern our day-to-day operations. The seven strategic aims are;

1 Academy outcomes and effectiveness

Our aim is to continuously improve pupils' and students' progress from their starting points to above the national average, and

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

substantially above the regional average, in order that they can utilise their academic achievement to reach their potential and confidently build their future careers and lives.

2 Academy leadership and corporate governance

Our aim is to ensure that our Trustees', academy leaders' and governors' prime focus is upon delivering high quality educational experiences and outstanding outcomes for pupils and students.

3 Teaching, assessment and learning

Our aim is to promote and develop a high quality, teaching, assessment and learning culture in each academy in order to ensure all pupils and students make substantial and sustained progress.

4 Personal development, behaviour and welfare

Our aim is to keep children safe and promote in young people open, harmonious and trusting relationships that enable them to express their feelings and opinions. Typically, pupils would listen well to each other in lessons, ask thoughtful questions of their teachers and each other and use sound evidence to justify their views.

5 People and stakeholders

Our aim is to develop a highly skilled, innovative and flexible workforce, to retain people of talent and integrity who are committed to working together and to supporting the values and principles of the Trust; ensuring that we build strong, supportive relationships with our partners and stakeholders.

6 Finance and value for money

Our aim is to ensure we achieve high value-for-money provision and services for pupils and students in our academies; where the quality of the environment for pupils, students and staff is fit-for-purpose in the first half of the 21st century.

7 Systems and organisational effectiveness

Our aim is to develop and create systems to ensure effective and efficient decision-making and accountability, alongside the accurate measurement of progress toward the Trust's strategic objectives and targets.

Public benefit

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

Achievements, Performance and Key Performance Indicators

NET provides education to primary pupils and secondary students in academies in the North of England. We aim to transform young people's lives through excellent learning experiences leading to outstanding outcomes that ensure they can fulfil their potential. The twenty academies are split equally between primary and secondary and are located in three hub areas:

- North East England conurbations of Tyne-Wear and the Tees valleys
- Yorkshire conurbations of the Aire-Calder-Deane Valleys
- Bolton - Manchester conurbation

Many academies are in areas with double the national average level of disadvantaged pupils. According to the School Deprivation Indicator used by Ofsted, all ten of the primary academies have deprivation scores in the fifth (most deprived) quintile based on the Income Deprivation Affecting Children Index (IDACI). Of the ten secondaries, seven have scores in the fifth quintile, two in the fourth and one in the third.

OFSTED reports have continually included positive commentary on the contribution of the Trust. KS2 and KS4 results have improved in 2017, but results in some academies are at a level that neither NET nor DfE would expect.

The table below summarises the individual academies and their students, highlighting the challenges faced from the above national average with regard to deprivation and special educational needs;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Primary Academies	NoR	Girls %	Boys %	Free School Meals %	Minority Ethnic Groups %	English as Additional Language %	SEN Support %	SEN EHC %	Stability %	School Deprivation Indicator
Abbey Park	223	50.2%	49.8%	47.9%	9.9%	4.3%	4.9%	0.9%	80.2%	0.34
Frederick Nattrass	257	48.2%	51.8%	67.0%	9.5%	7.7%	34.2%	0.4%	79.0%	0.38
Hilton	448	49.3%	50.7%	68.9%	13.9%	17.7%	16.7%	0.2%	79.8%	0.36
Mount Pelion	556	51.6%	48.4%	38.8%	97.2%	75.1%	23.0%	0.5%	89.2%	0.36
Merlin Top	366	45.9%	54.1%	66.5%	29.9%	18.0%	15.8%	1.1%	84.8%	0.38
Norton	422	49.1%	50.9%	56.6%	5.2%	3.2%	23.0%	0.0%	83.0%	0.32
Ryecroft	337	46.0%	54.0%	66.3%	25.6%	16.3%	22.8%	0.9%	71.5%	0.45
Southmere	394	52.0%	48.0%	47.6%	85.7%	62.0%	15.5%	1.3%	89.6%	0.39
The Ferns	392	47.2%	52.8%	51.8%	34.0%	28.1%	12.0%	1.0%	84.4%	0.35
The Oak Tree	434	47.9%	52.1%	66.1%	8.4%	3.7%	15.0%	1.8%	85.8%	0.51
Trust	3829	48.9%	51.1%	57.1%	35.9%	26.9%	18.5%	0.8%	83.4%	0.38
National	n/a	49.0%	51.0%	25.2%	31.6%	20.1%	12.1%	1.3%	85.7%	0.21

Secondary Academies	NoR	Girls %	Boys %	Free School Meals %	Minority Ethnic Groups %	English as Additional Language %	SEN Support %	SEN EHC %	Stability %	School Deprivation Indicator
Blyth	809	49.6%	50.4%	54.3%	2.0%	1.2%	36.0%	1.5%	92.0%	0.33
Dyke House	1209	52.1%	47.9%	49.2%	2.9%	1.9%	5.8%	0.9%	92.5%	0.36
Grangefield	586	45.9%	54.1%	50.2%	20.8%	10.1%	16.4%	0.7%	95.9%	0.36
Kearsley	495	48.9%	51.1%	48.1%	7.1%	3.3%	18.2%	3.4%	88.1%	0.26
Kirk Balk	1061	48.4%	51.6%	34.1%	2.7%	0.8%	14.2%	1.8%	97.7%	0.25
Manor	1120	47.7%	52.3%	47.5%	2.1%	0.8%	17.5%	3.8%	97.9%	0.33
North Shore	644	51.4%	48.6%	67.7%	6.1%	3.3%	15.5%	1.2%	83.5%	0.39
Red House	544	50.7%	49.3%	61.0%	1.1%	0.6%	30.0%	0.6%	96.9%	0.43
Thomas Hepburn	526	59.0%	41.0%	67.9%	7.6%	6.5%	8.9%	1.9%	94.5%	0.38
Thorp	1110	48.5%	51.5%	31.4%	3.4%	0.6%	10.1%	2.3%	96.6%	0.18
Trust	8104	49.9%	50.1%	48.5%	4.7%	2.4%	16.2%	1.9%	94.1%	0.32
National	n/a	49.7%	50.3%	28.9%	28.2%	15.7%	11.0%	1.7%	91.6%	0.20

Academy Profiles and Inspections

The pie charts below show the latest Ofsted judgements for Northern Education Trust Academies compared to the judgements before

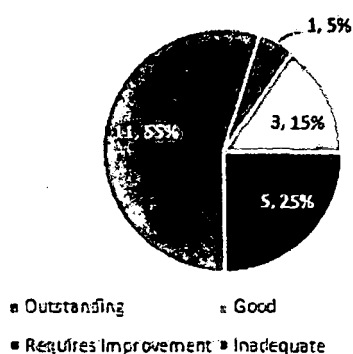
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

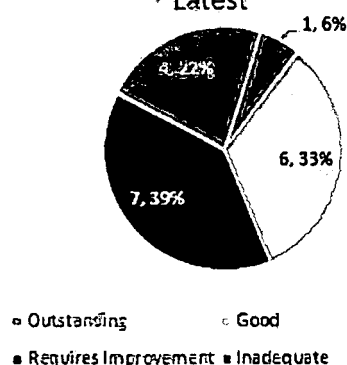
each Academy joined the Trust. Of the 20 academies in the Trust, 11 (55%) had been judged inadequate before joining. Of the 18 academies inspected post-conversion, four (22%) remain inadequate. On conversion, four (20%) were judged to be good or outstanding. At the end of the 2016/17 academic year, that figure had risen to 7 (39%).

The two academies still to be inspected post-conversion are Manor and Kirk Balk.

**All Inspection Judgements Pre
Conversion**



**All Inspection Judgements -
Latest**



KS2 Attainment

The Department for Education published a brief report on interim Key Stage 2 results on 4 July. It described only attainment results against the expected standard threshold measures for reading, writing and maths (both individually and combined), average scaled scores for reading and maths and the grammar, punctuation and spelling (GPS) test. GPS results are not part of the headline suite of accountability measures.

National averages for 2017 are:

	2016	2017	Change
Reading	66%	71%	+5%
Writing	74%	76%	+2%
Maths	70%	75%	+5%
RWM combined	53%	61%	+8%

Generally, interim results for NET academies show substantial improvement from 2016, but only Frederick Nattrass (73%) and Abbey Park (62%) are above national average (61%).

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Academy	2016 Actual	2017 Prediction	2017 Actual	Difference		
				2017 Pred vs 2017 Actual	2016 Actual vs 2017 Actual	2017 vs 2017 Nat
Abbey Park	32%	62%	62%	-0%	+30%	+1%
Frederick Nattrass	29%	69%	73%	+4%	+44%	+12%
Hilton	26%	70%	59%	-11%	+33%	-2%
Merlin Top	36%	55%	47%	-8%	+11%	-14%
Mount Pellon	22%	45%	40%	-5%	+18%	-21%
Norton	56%	66%	55%	-11%	-1%	-6%
Ryecroft	20%	65%	44%	-21%	+24%	-17%
Southmere	52%	51%	43%	-8%	-9%	-18%
The Ferns	73%	65%	56%	-9%	-17%	-5%
The Oak Tree	25%	70%	60%	-10%	+35%	-1%
Trust	36%	61%	52%	-9%	+16%	-9%
National	53%		61%		+8%	

The Trust average for the combined reading, writing and maths expected standard measure improved by 16 percentage points from 36% in 2016 to 52% this year, narrowing the gap to national average from 17 to 9 percentage points. In terms of individual subjects, the gap to national average in reading narrowed by half from 22 to 11 percentage points and the gap to national average in maths narrowed from 13.5 to 8.5 percentage points.

Seven out of ten academies improved their combined reading, writing and maths expected standard measure in 2017. Improvements ranged from 11 percentage points at Merlin Top to 44 at Frederick Nattrass, with six of the ten improving by at least 19 percentage points.

At the higher standard:

- Six academies improved their results in reading, writing and maths combined;
- Nine academies improved their results in reading;
- Nine improved their results in maths; and
- Five improved their results in writing.

Academies with the largest gaps to national average are Mount Pellon (-20.7 percentage points), Southmere (-17.7), Ryecroft (-16.6) and Merlin Top (-14.5). The three academies with results lower than last year were The Ferns (-17.8 percentage points), Southmere (-8.4) and Norton (-1.7).

Frederick Nattrass exceeded their target by 6.1 percentage points, with the remaining nine academies falling short by at least 5.1. Similarly, Frederick Nattrass exceeded their half term 5 prediction by 4.1 percentage points and Abbey Park matched theirs. The other eight fell short by at least 4.7 percentage points although it should be noted that one child could account for up to five percentage points in academies with smaller cohorts.

As last year, reading seems to have been the most challenging subject. Academies reported that the test was far more accessible than in 2016. However, this year, the number of marks required to reach the expected standard has risen from 21 (42%) to 26 (52%). Conversely, the maths expectation fell from 60 (54.5%) in 2016 to 57 (51.8%).

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key Stage 2 Progress

Academy	Progress		
	Reading	Writing	Maths
Abbey Park Academy	-0.2	-1.5	+2.6
Frederick Nattress Primary Academy	+5.2 (Sig+)	+0.6	+4.2 (Sig+)
Hilton Primary Academy	-1.1	+0.9	+0.4
Merlin Top Primary Academy	-2.7 (Sig-)	-0.6	-2.2 (Sig-)
Mount Pellon Primary Academy	-1.4	-1.6 (Sig-)	+0.9
Norton Primary Academy	-0.1	+2.5 (Sig+)	+1.6 (Sig+)
Ryecroft Primary Academy	-0.9	+1	+1.4
Southmere Primary School	-0.7	+1.4	+0.7
The Ferns Primary Academy	+2.7 (Sig+)	+5.2 (Sig+)	+3 (Sig+)
The Oak Tree Academy	+0.9	+3.6 (Sig+)	+1.4
Trust Average	-0.1	+1.2	+1.2
National	0.0	0.0	0.0

Provisional progress results published on 31 August are very positive. Across reading, writing and maths, there are 30 progress figures for the ten NET primary academies. Of the 30 figures, 19 are broadly in line with national averages and 8 are significantly higher.

Three primary academies that saw a fall in the combined RWM attainment measure have progress figures that are at least broadly average with some significantly higher. The Ferns' figures were all significantly higher than national average. In Southmere, progress was broadly in line with national average and in Norton progress was significantly higher than national average in writing and maths.

Indicatively, there will be no primary academies below floor standard this year and possibly none will be deemed to be 'coasting' (assuming 2017 definition is close to 2016 definition).

Key Stage 4 Attainment

There was an overall improvement in all headline threshold measures in 2017. Attainment 8 improved from 38.96 to 42.39, 4+ (A*-C in Ea/Ma) went from 47.2% to 52.3% and Ebacc (4+) went from 11.9% to 14.4%.

Whilst overall improvement is to be welcomed, with some significant gains for some academies, these measures overall still fall far short of the national average, especially given starting points from KS2 (which are broadly average at 27.9), referenced below with the Average Point Score (APS) attained at KS2.

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FOR THE YEAR ENDED 31 AUGUST 2017

Grade 4+ (A*-C) in English / Maths by academy							Progress 8
Academy	KS2 APS	2015	2016	2017	2016-17 Impact	Prediction difference	
Blyth	27.1	40%	39%	32%	-7%	-14%	-0.86
Dyke House	28.1	56%	43%	69%	+26%	+7%	0.37
Grangefield	27.0	53%	58%	61%	+3%	+1%	0.31
Kearsley	28.1	46%	32%	42%	+10%	-19%	-0.79
Kirk Balk	29.0	52%	59%	64%	+5%	-7%	-0.25
Mamor	28.0	58%	49%	51%	+3%	+4%	-0.20
North Shore	27.4	48%	26%	50%	+24%	-4%	-0.06
Red House	27.9	28%	37%	33%	-6%	-18%	-1.22
THCA	27.3	36%	31%	33%	+2%	+1%	-1.12
Thorp	28.1	61%	66%	60%	-6%	-17%	0.19
Trust	27.9	50%	47%	52%	+5%	-5%	
National	28.5	59%	63%				

Key Stage 5 Attainment

Compared to KS4 this is a smaller cohort of students; performance in both academic and vocational qualifications were much improved in 2017 with increases in average point scores per entry for both A-level and vocational qualifications in all four academies with 6th Forms.

	Blyth	Dyke House	Kearsley	Thorp	Trust	National
A-levels APS 2016	17.2	23.8	7.0	25.8	22.1	30.45
A-levels APS 2017	21.6†	29.1†	12.5†	28.8†	26.8†	
Academic APS 2016	17.3	24.5	7.0	25.9	22.3	30.63
Academic APS 2017	21.6†	28.8†	12.5†	28.9†	26.3†	
Applied Gen APS 2016	35.3	20.8	33.6	37.5	35.1	34.67
Applied Gen APS 2017	45.9†	N/A	42.1†	45.0†	44.5†	
Tech level APS 2016	N/A	N/A	N/A	24.4	17.9	30.77
Tech level APS 2017	26.4	N/A	N/A	36.4†	30.6†	
Known destinations 2016	100%	97%	36%	94%	88%	N/A
Known destinations 2017	100%	94%	100%†	95%†	96%†	N/A
University 2016	54%	73%	64%	52%	58%	N/A
University 2017	54%	90%†	39%	76%†	69%†	N/A
Russell Group 2016	3%	23%	0%	30%	20%	N/A
Russell Group 2017	3%	34%†	0%	27%	21%†	N/A

The Trust is above national for the General Applied vocational qualifications points score per entry and is below but has closed the gap towards the national A-level per entry points score. In summary;

1. A greater proportion of year 13 leavers have a known destination (96% as opposed to 88% at this time last year)
2. 69% have a university place (58% last year)
3. 20% will be attending Russell Group universities.
4. Both the above figures are above the last reported national figures (2015) of 59% and 17% respectively.
5. One student went to Oxford and another to Cambridge from Dyke House and a student from Thorp also went to Cambridge.

Academic qualifications are inclusive of A Levels with some additional qualifications, such as Advanced Extension Award, Extended Project and International Baccalaureate.

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FOR THE YEAR ENDED 31 AUGUST 2017

- The number of FTE students in this cohort decreased from 205 to 142.
- The average points' score per A-level entry went up by 4.7 points from 22.1 to 26.8, roughly equivalent to half of a grade improvement (2016 National = 30.45).
- Average grade of best 3 A levels was a secure C in 2017 (2016 national = C+), up half of a grade on 2016. The proportion of students achieving AAB including two facilitating subjects went from 5% to 14% (2016 national average = 13.9%)
- The average grade per A Level entry was a C-, up from a D+ in 2016. The 2016 national average was a grade C.

Vocational qualifications in summary;

- The number of FTE Vocational students decreased from 134 students to 68.
- In the General Applied qualifications, the average points score per Vocational Entry increased from 35.1 in 2016 to 44.5 in 2017. This is above the 2016 national figure of 34.67.
- In the Technical Level Entry, the average points score per Vocational Entry increased from 17.9 in 2016 to 30.6 in 2017 (2016 National = 30.77).

The average grade per Vocational entry in the General Applied qualifications was a Distinction* (2016 national = Distinction) and a Distinction- in the Technical Level category (2016 national = Distinction).

Going Forward

The Trust appointed a new Chief Executive Officer in September 2017. Whilst the primary aim of the Trust continues to be the education and welfare of the children in its academies consideration has been given to supporting other strategic objectives of the Trust to include;

1. Forming an alliance with other Multi-Academy Trusts (the alliance of NET, Delta, Wise, Astrea and Outwood Grange Academy Trust) to work collaboratively and strengthen recruitment, including Directors of Subject, who can be deployed to work in our schools. The alliance was proposed by Sir David Carter and whilst in its infancy it aims to assist NET as we try to increase our capacity.
 2. The Board has long discussed the idea of becoming geographically tighter to the North East. Provisional conversations have been met extremely favourably by both National School Commissioner and the Regional School Commissioner (North). Any movement in the Trust's estate would have to be managed carefully and subject to extensive Due Diligence of future academies. Any release of academies further from the North East would be sensitive and would clearly sit as a board decision.
 3. Building a shared vision and rapid school improvement based on a 80/20 model; where 80% of key systems are the same with 20% left for innovation. In working towards this model the Trust has began the work to rapidly introduce and implement a new vision and school improvement model
- Consistent assessment in Year 6 in all primaries and the same trial examinations in English and maths in Y11 in all secondaries
 - Launched a weekly RAG meeting, chaired by the Principal and focused upon interventions required to support better performance in Y6 and Y11.
 - Introduced 1:1 tuition for English and Maths based upon information from assessments
 - Introduced six-yearly reporting to parents in all 20 schools with half termly standardisation and identification of 6 students in each class who require intervention.
 - Introduced a common assessment calendar across all 20 schools, using the same assessments in year 6 and year 11 and the same assessment window in all years
 - Created a vulnerable students register so that our most vulnerable children must be discussed at a weekly inclusion meeting and each half term at SLT meetings
 - All 10 secondaries have been retimetabled to a greater or lesser extent to try to move to towards better curriculum parameters, give additional opportunities for English and maths and to help students attain a high attainment 8 score.
 - Have introduced weekly director of maths and English reports to give an overview of the work in each school
 - Piloting marking and assessment policy, behaviour system, collaborative learning and introduced a Principals weekly update

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

sheet to give key information to the Executive.

Strategic report

Achievements and performance

a. GOING CONCERN

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

Financial review

The Trust's accounting period is from September 2016 to August 2017.

Most of the Academy Trust's income is obtained from 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 ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2017, total expenditure of £80,159k (2016: £79,820k) was met by recurrent grant funding from the ESFA, other incoming resources and funding carried forward from the previous year. The surplus of income over expenditure for the year was £13,391k. This surplus added to current reserves of £102,137k provides overall cumulative reserves for the year ended 31 August 2017 of £131,506k.

At 31 August 2017 the net book value of tangible fixed assets was £141,740k (2016: £125,225k) and movements in Tangible Fixed Assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies within the trust. During the year, the Trust received £18,800k relating to the transfer of a new building at Thorp Academy from the ESFA.

Expenditure in the year has supported the key objectives of the Trust, with budgets being set in line with operational requirements that supported these. In the course of the year the academies have continued to refine the staffing structures required to deliver their objectives within the funding available.

The Trust also enhanced its central team function by increasing resources in school improvement from:

1. The appointment of secondary and primary directors of subjects and learning
2. A trust wide finance restructure ensuring the structures are fit for purpose going forward, internal controls are enhanced, auditor recommendations are implemented and savings generated for further school improvement of £140k.
3. The Trust has also undertaken a number of Procurement exercises in Catering, Broadband, Printing and Telephony to generate savings of £500k, over the life of the agreed contracts, which again have been used to support school improvement.

The Academy Trusts' Medium Term Business Plan 2015-2018 includes several financial key performance indicators (KPIs). In summary, the main KPIs are

1. The Academy Trust is compliant with statutory and ESFA audit requirements which has been achieved.
2. Annual accounts meet regulatory standards and accurately report and forecast financial position of the Academy Trust. The Trust draft statements, to be considered by Trustees, has achieved this.
3. Student forecasts are accurate. On average, the forecast student numbers used in the July 2016 Medium Term Financial Plan were 2% greater than the actual student numbers given in the October 2017 census.
4. Academy financial management meets probity and regularity standards whilst achieving value for money. The Trust continues to show increased performance in its average internal audit scores, rising from 80% in 2015/16 to 88% in 2016/17.
5. The Academy Trust builds reserves for future investment in infrastructure and plant. The Medium Term Financial Plan continues to show commitment to the 2/12ths reserves target. Reserves have risen incrementally during the last 4 years. However, the planned rapid change for school improvement will require significant investment and the Trust will fall short of its agreed target due to this.

The KPIs are assessed and reviewed against a number of supporting objectives and measures of success. The 2016/17 KPIs will be

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TRUSTEES' REPORT (continued)
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considered and shared with Trustees during 2017/18.

a. RESERVES POLICY

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

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

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

Academies are to build reserves over the medium term equivalent to two twelfths of the gross expenditure (i.e. two months revenue spending). This is in line with current ESFA thinking around prudence in relation to budgeting/ best practice guidance based on gross expenditure. This maybe updated by Trustees as the Medium Term Financial Plan is prepared each year but Trustees do reserve the right to amend the policy in the interests of the Trust or specific academies.

The unrestricted reserves held as at 31 August 2017 was £7,236k and the restricted general reserves for the same period were £327k. The reserves policy seeks a level of reserves of £11.2m by 31 August 2018 and the Trust is working towards this target by ensuring school budgets and associated staffing levels and resources are being planned and managed effectively over the medium term. Trustees however may decide to redirect financial resource to areas of priority and this will be the case during 2017/18 and going forward where reserves will be used to further support school improvement.

At the year end any balances being carried forward will be considered as part of the policies and guidance in relation to reserves and budget setting. All funds remain that of the Trust and will be consolidated into the annual Financial Statements.

Pension Fund

The Restricted Pension Fund is in deficit to the value of -£20,967k (2016: -£33,755k) as at the year end. However this has been inherited upon conversion to Academy status and Trustees will continue to monitor this situation closely. It should be noted that this deficit does not present the Trust with a current liquidity problem or threat. The total pension fund deficit does not mean there is an immediate liability for the total amount. Rather the balance reflects the potential for increases in employer pension contributions in later years to finance the deficits. The Pension administrators have concluded their triennial review of pension funds. As a result two Pension Authorities, Northumberland and South Yorkshire have requested additional pension deficiency payments totaling £150k per annum.

b. INVESTMENT POLICY

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

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

Trustees in the Audit and Risk Committee consider the financial statements of the endowment investment and review performance

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

against the agreed requirements. There have now been two occasions where funds have been withdrawn to support various projects in academies across the Academy Trust.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Academy Trust identified two principal financial risks and uncertainties in the previous year's financial statements which were around future changes in levels of funding and pupil levels. These continue to be the principal risks and uncertainties faced and will be mitigated and monitored via the risk management framework put in place by the Trust. The two risks identified have been mitigated and managed by a Trustee approved Medium Term Financial Plan (MTFP). The MTFP considers student numbers over the medium term based on shared information from Local Authorities (as the Admissions Body) and other local factors. Using the MTFP the Trust has successfully managed several academy restructures to mitigate falling student numbers and associated funding.

d. RISK MANAGEMENT

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

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

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

Plans for future periods

a. FUTURE DEVELOPMENTS

Growth of the Trust was rapid during the first three years and the focus now is firmly fixed on our priorities to improve the achievement in our current academies. The two areas in summary to note for future periods would be;

1. Planned and significant investment commencing 2017/18 in school improvement leadership and capacity, recruitment and retention of teachers and the development of a partnership to establish an Institute of Teaching with authority to recruit, train and award teaching status.
2. The only growth to be considered would be in similar geographical areas close to current academies, especially where there might be primary/secondary links.

EMPLOYEE CONSULTATION & DISABLED EMPLOYEES

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

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

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

Assessed disability access and toilets have been installed where necessary and possible entrance ways enhanced and widened to enable

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TRUSTEES' REPORT (continued)
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wheelchair access to all main areas of the Trust's academies. The Trust is committed to support the employment of disabled persons in both recruitment and retention of employees who become disabled whilst in its employment, as well as through training, career development and general awareness and support.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

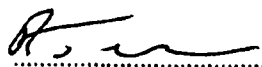
DISCLOSURE OF INFORMATION TO AUDITOR

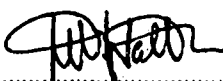
The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit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

AUDITOR

RSM UK Audit LLP has indicated it's willingness to continue in office.

The Trustees' Annual Report is approved by order of the Board of Trustees, and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the company directors, at a meeting on 13 December 2017 and signed on its behalf by:


.....
R Tarr
Accounting Officer


.....
L Walton
Chair of Trust

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
L H Walton, Chairman	4	4
C Roberts	3	4
M Sanders	3	4
P Callaghan	4	4
S Duncan	2	4
J Copping	2	4
T Grieveson	4	4
J Foster	0	4
J Nolan	1	2
D Hall (resigned 12 December 2016)	0	1
D Pearmain (resigned 27 September 2016)	0	0
I Kershaw (CEO and Accounting Officer)	1	2
I Hickman (as acting Accounting Officer)	1	1
S Davison	0	0

The Corporate Coordination and Scrutiny Group is a sub-committee of the main Board of Trustees. Its purpose is to:

Strategic role

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

Finance role

- Consider/approve Trust/Academy annual budgets and three year plans making recommendations where necessary.
- Consider/approve Trust/Academy capital funding.
- Hold Academy Principals and Chairs of Governing Boards to account for financial planning and performance.
- Recommend to the Trust, the adoption of a three-year business plan and annual budgets.
- Review arrangements for securing value for money, solvency and safeguarding of assets.

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GOVERNANCE STATEMENT (continued)

- Investigate, or commission investigations into, variations in financial performance from budgeted targets.
- Consider in detail reports from the Chief Executive on issues related to assets, liabilities and capital.

Scrutiny role

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

Attendance at meetings in the year was as follows:

Board member	Meetings attended	Out of a possible
L Walton - Chairman	7	7
C Roberts	5	7
T Grieveson	6	7
M Sanders	6	7
I Kershaw	6	7

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

Overall

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

Internal Control

- The Committee shall ensure that the internal control systems, including audit activities, of the Trust and any of its subsidiaries is monitored actively, independently and objectively in order to:
 - Improve the effectiveness of the Trust's internal controls.
 - Reinforce the independence and effectiveness of the internal audit function.
 - Provide a sounding board for Trust management on issues of concern in connection with the Trust's internal control systems.
- Advise on the reliability of the Trust's information systems and processes.
- Review Trust financial statements and budgets (Revenue & Capital).
- Advise the Trust Board and CCSG on the appointment of internal and external auditors and providers of key financial systems i.e. Bank and General Ledger.
- Approve /consider procurement recommendations in line with Financial Regulations.
- Underpin the objectivity and independence of the external auditors.
- Increase stakeholder confidence in the objectivity and fairness of the Trust's financial reports and in the quality of the Trust's corporate governance.
- To provide a medium of communication from the Trust's auditors to the Trust which is seen to be independent of Trust management.
- To ensure that financial transactions are undertaken in accordance with the Trust's financial regulations.

Risk Management and Value for Money Framework

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

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GOVERNANCE STATEMENT (continued)

- and how these are communicated and monitored; and
- To review staff pension arrangements.

Whistleblowing

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Sanders - Chair	6	6
P Callaghan	3	6
J Nolan	2	2
D Hall (resigned 12 December 2016)	0	2
J Copping	3	3
I Kershaw (CEO and Accounting Officer)	5	6
I Hickman (as acting Accounting Officer)	1	1

The Achievement and Climate Committee is also a sub-committee of the main Trust Board. Its purpose is to:

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

Attendance at meetings in the year was as follows:	Meetings attended	Out of a possible
T Grievson - Chair	5	5
J Foster	5	5
S Duncan	1	5
I Kershaw (CEO and Accounting Officer)	5	5

REVIEW OF VALUE FOR MONEY

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

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GOVERNANCE STATEMENT (continued)

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by in summary (with more detailed commentary outlined in the Trustee Report):

- Results at Frederick Nattrass improved significantly in 2017 for reading, writing and maths combined (RWM): 73% : 2017 and 29% : 2016. Across the Academy Trust overall the RWM expected standard measure improved by 16 percentage points. In terms of individual subjects, the gap to national average from 17 to 9 percentage points. In terms of individual subjects, the gap to national average in reading narrowed by half from 22 to 11 percentage points and the gap to national average in maths narrowed from 13.5 to 8.5 percentage points
- For secondary academies, many headline threshold measures in 2017 increased. Attainment 8 rose from 38.96 to 42.39, 4+ (A*-C in English and Maths) went from 47.2% to 52.3% and Ebacc (4+) went from 11.9% to 14.4%. Whilst overall improvement is to be welcomed, with some significant gains for some academies, these measures overall still fall far short of the national average.
- The Academy Trust has restructured its Finance Teams and completed several large and complex procurement exercises within Catering, ICT and broadband. The benefits of these reviews will start to be realised during 2017/18 and the sums saved are of a significant value.

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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

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

- testing of Payroll and HR systems
- testing of Education and Skills Funding Agency, Academies Financial Handbook "Musts"
- testing of Financial Management, Financial Administration and Procurement
- testing of Business Continuity, Risk Management, ICT and Health and Safety.

On a quarterly basis, the internal auditor reports to the Board of Trustees through the audit and risk committee on the operation of the

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GOVERNANCE STATEMENT (continued)

systems of control and on the discharge of the Board of Trustees' financial responsibilities.

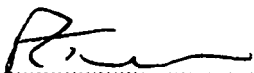
REVIEW OF EFFECTIVENESS

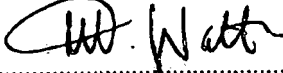
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 13 December 2017 and signed on their behalf, by:


.....
R Tarn
Accounting Officer


.....
L Walton
Chair of Trustees

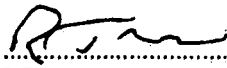
NORTHERN EDUCATION TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Northern Education Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



.....
R Taro
Accounting Officer

Date: 13 December 2017

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who are also the directors of Northern Education Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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:

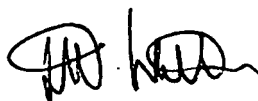
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 13 December 2017 and signed on its behalf by:



.....
L H Walton
Chair of Trustees

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

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

Opinion on financial statements

We have audited the financial statements of Northern Education Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report and the incorporated 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 by the charity, 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 24 the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

NORTHERN EDUCATION TRUST

(A company limited by guarantee)

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

RSM UK Audit ver

Claire Leece (Senior statutory auditor)

for and on behalf of

RSM UK Audit LLP, Statutory Auditor

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

14th December 2017.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

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

CONCLUSION

We have carried out an engagement in accordance with the terms of our engagement letter dated 29 August 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by Northern Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BASIS FOR CONCLUSION

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of Northern Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

RESPONSIBILITIES OF NORTHERN EDUCATION TRUST'S ACCOUNTING OFFICER AND TRUSTEES

The Accounting Officer is responsible, under the requirements of Northern Education Trust's funding agreement with the Secretary of State for Education dated 4 July 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Accounting Officer is also responsible for preparing the Statement of Regularity, Probity and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Northern Education Trust and appointment of the accounting officer.

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR REPORTING ON REGULARITY

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

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

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

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

This report is made solely to Northern Education Trust and the ESFA in accordance with the terms of our engagement letter dated 29 August 2017. Our work has been undertaken so that we might state to Northern Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northern Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit Ltd

RSM UK Audit LLP,

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

Date: *14th December 2017*.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME AND ENDOWMENTS:							
Donations and capital grants	2	201	224	1,153	-	1,578	1,946
Charitable activities:	5						
Educational operations		1,623	69,645	-	-	71,268	73,208
Teaching School		-	90	-	-	90	60
Capital donations - transfer from Local Authority	13	-	-	18,800	-	18,800	29,516
Other trading activities	3	1,808	-	-	-	1,808	1,588
Investments	4	6	-	-	-	6	4
TOTAL INCOME AND ENDOWMENTS		3,638	69,959	19,953	-	93,550	106,322
EXPENDITURE ON:							
Charitable activities:							
Teaching School		-	97	-	-	97	105
Other charitable operations		2,293	73,663	4,106	-	80,062	79,715
TOTAL EXPENDITURE	6	2,293	73,760	4,106	-	80,159	79,820
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS							
Net gains on investments		1,345	(3,801)	15,847	-	13,391	26,502
		360	-	-	155	515	63
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		1,705	(3,801)	15,847	155	13,906	26,565
Transfers between Funds	19	-	(680)	1,025	(345)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		1,705	(4,481)	16,872	(190)	13,906	26,565
Actuarial gains/(losses) on defined benefit pension schemes	24	-	15,463	-	-	15,463	(19,283)
NET MOVEMENT IN FUNDS		1,705	10,982	16,872	(190)	29,369	7,282

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
(continued)
FOR THE YEAR ENDED 31 AUGUST 2017

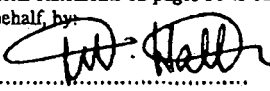
	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
RECONCILIATION OF FUNDS:							
Total funds brought forward		5,531	(31,622)	126,633	1,595	102,137	94,855
TOTAL FUNDS CARRIED FORWARD		<u>7,236</u>	<u>(20,640)</u>	<u>143,505</u>	<u>1,405</u>	<u>131,506</u>	<u>102,137</u>

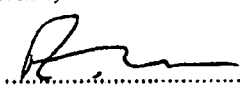
NORTHERN EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07189647

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Tangible assets	13		141,740		125,225
Investments	14		4,701		4,561
			<u>146,441</u>		<u>129,786</u>
CURRENT ASSETS					
Stocks		-		17	
Debtors	15	2,629		4,257	
Cash at bank and in hand		8,859		6,821	
		<u>11,488</u>		<u>11,095</u>	
CREDITORS: amounts falling due within one year	16	(5,360)		(4,875)	
NET CURRENT ASSETS			<u>6,128</u>		<u>6,220</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>152,569</u>		<u>136,006</u>
CREDITORS: amounts falling due after more than one year	17		(96)		(114)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>152,473</u>		<u>135,892</u>
Defined benefit pension scheme liability	24		(20,967)		(33,755)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>131,506</u>		<u>102,137</u>
FUNDS OF THE ACADEMY					
Endowment funds	19		1,405		1,595
Restricted income funds:					
Restricted income funds	19	327		2,133	
Restricted fixed asset funds	19	143,505		126,633	
		<u>143,832</u>		<u>128,766</u>	
Restricted income funds excluding pension liability					
Pension reserve		(20,967)		(33,755)	
		<u></u>		<u></u>	
Total restricted income funds			122,865		95,011
Unrestricted income funds	19		7,236		5,531
TOTAL FUNDS			<u>131,506</u>		<u>102,137</u>

The financial statements on pages 30 to 62 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:


L Walton
Chair of Trustees


R Tarn
Accounting Officer

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	2,201	(130)
Cash flows from investing activities:			
Investment income		6	-
Purchase of tangible fixed assets		(1,821)	(1,509)
Capital grants from DfE/ESFA		1,350	1,910
(Purchase)/disposal of other investments		320	(4,078)
Net cash used in investing activities		(145)	(3,677)
Cash flows from financing activities:			
Repayments of borrowings		-	(108)
Cash outflow to Salix Loan		(18)	(9)
Net cash used in financing activities		(18)	(117)
Change in cash and cash equivalents in the year		2,038	(3,924)
Cash and cash equivalents brought forward		6,821	10,745
Cash and cash equivalents carried forward		8,859	6,821

NORTHERN EDUCATION TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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

1.1 Company status

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

1.2 Basis of accounting

The financial statements of the Academy Trust, which is a public benefit entity under FRS102 have been prepared under the historical cost convention modified to include investment at fair value, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

The principal accounting policies adopted are set out below.

1.3 Going concern

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

1.4 Income

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.5 Grants receivable

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

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

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

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

1.6 Donations

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

1.7 Other income

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

1.8 Donated properties

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

1.9 Interest receivable

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

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.10 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.11 Tangible fixed assets and depreciation

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

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

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

Leasehold property and improvement	-	2% to 15% straight line basis
Motor vehicles	-	25% straight line basis
Fixtures and fittings	-	25% straight line basis
Computer equipment	-	25% straight line basis

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Leasehold Property

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

Where leasehold properties represent donated assets they are recognised in the Balance Sheet at the fair value of their depreciated replacement cost on their conversion.

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

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

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

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

1.13 Liabilities

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

1.14 Leases

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

1.15 Investments

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

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.16 Financial Instruments

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

Financial assets and liabilities

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

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

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

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

Derecognition of financial assets and liabilities

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

1.17 Taxation

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

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

1.18 Short-term Employment Benefits

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.19 Pension Benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other comprehensive income.

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

1.20 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and the Education and Skills Funding Agency 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 and include grants from Department for Education and the Education and Skills Funding Agency.

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

1.21 Agency Arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA. The funds received and paid and any balances held with the ESFA are disclosed in note 28.

1.22 Employee termination benefits

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.23 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Useful economic lives of tangible assets

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment and note 1.11 for the depreciation accounting policy.

Defined benefit pension scheme

The company has the obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 24 for the disclosure relating to the defined benefit pension scheme.

Property valuations

When new schools join the Academy Trust, the new school land and buildings are included at a valuation at the date of transfer. This valuation is then treated as deemed cost. During the year one new school building was gifted to the Academy Trust as detailed in Note 13.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	201	-	-	-	201	162
Devolved Formula Capital	-	-	260	-	260	238
Other capital grants	-	224	893	-	1,117	1,546
	201	224	1,153	-	1,578	1,946
Total 2016	162	-	1,784	-	1,946	

3. TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Charity trading income					
School lettings	663	-	-	663	744
Uniforms	45	-	-	45	67
Consultancy	66	-	-	66	23
Insurance claims	206	-	-	206	63
Other income	828	-	-	828	691
	1,808	-	-	1,808	1,588
Net income from trading activities	1,808	-	-	1,808	1,588

Other trading activities income in 2016 was £1,588k, of which £1,588k was unrestricted.

4. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank Interest	6	-	-	6	4
Total 2016	4	-	-	4	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Trust's educational operations	1,623	69,735	-	71,358	73,268
Total 2016	1,696	71,572	-	73,268	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants					
General Annual Grant	-	60,012	-	60,012	61,238
Start up grants	-	35	-	35	49
Pupil Premium	-	5,999	-	5,999	6,030
Other DfE/ESFA grants	-	1,063	-	1,063	1,480
	-	67,109	-	67,109	68,797
Other government grants					
Local Authority grants	-	279	-	279	676
SEN from LA	-	875	-	875	464
Other Government Grants	-	157	-	157	242
Nursery Grants and EYSFF	-	1,315	-	1,315	1,393
	-	2,626	-	2,626	2,775
Other funding					
Catering income	1,053	-	-	1,053	1,018
Trip income	570	-	-	570	678
	1,623	-	-	1,623	1,696
	1,623	69,735	-	71,358	73,268
Total 2016	1,696	71,572	-	73,268	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Trust's educational operations					
Direct costs	47,388	-	6,917	54,305	52,320
Support costs	10,076	7,809	7,969	25,854	27,500
	<u>57,464</u>	<u>7,809</u>	<u>14,886</u>	<u>80,159</u>	<u>79,820</u>
Total 2016	<u><u>55,800</u></u>	<u><u>8,691</u></u>	<u><u>15,329</u></u>	<u><u>79,820</u></u>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2017 £000	Support costs 2017 £000	Total 2017 £000	Total 2016 £000
Trust's educational operations	54,305	25,854	80,159	79,820
Total 2016	<u><u>52,320</u></u>	<u><u>27,500</u></u>	<u><u>79,820</u></u>	

Analysis of support costs

	Trust's educational operations £000	Total 2017 £000	Total 2016 £000
Staff costs	10,076	10,076	10,001
Depreciation	4,106	4,106	3,790
Impairment of fixed assets	-	-	1,805
Technology costs	1,134	1,134	1,483
Recruitment and support	266	266	210
Maintenance of premises and equipment	1,581	1,581	1,607
Administration	656	656	782
Cleaning	579	579	560
Energy costs	1,150	1,150	1,177
Rent, Rates and other occupancy costs	1,106	1,106	1,344
Insurance	661	661	803
Bank charges	58	58	-
Security and transport	498	498	479
Catering supplies	2,242	2,242	2,040
Other support costs	546	546	367
Governance costs	534	534	578
Defined benefit pension costs	661	661	474
	<u>25,854</u>	<u>25,854</u>	<u>27,500</u>
Total 2016	<u><u>27,500</u></u>	<u><u>27,500</u></u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Expenditure on charitable activities was £80,159k (2016 - £79,820) of which £2,293k (2016 - £3,675k) was unrestricted, £4,106k (2016 - £5,770k) was restricted fixed asset fund and £73,760k (2016 - £70,375k) was restricted general funds.

8. NET INCOME

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	4,106	3,790
Impairment of fixed assets	-	1,805
Operating lease rentals	1,106	100
Net interest on defined benefit pension liability	(1,436)	(1,600)

Fees payable to RSM UK Audit LLP and its associates for:

	2017 £000	2016 £000
Audit services - statutory audit	73	55
Other services - audit	18	3
Other services - non audit	5	5
Total	96	63

Fees payable for internal audit services

Fees payable for internal audit services during the year were £31k (2016: 23k)

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	41,786	44,242
Social security costs	4,150	3,667
Operating costs of defined benefit pension schemes	8,792	5,525
	<u>54,728</u>	<u>53,434</u>
Apprenticeship levy	81	-
Supply teacher costs	2,075	1,798
Staff restructuring costs	580	568
	<u><u>57,464</u></u>	<u><u>55,800</u></u>

Staff restructuring costs comprise:

	2017 £000	2016 £000
Redundancy payments	274	333
Severance payments	306	235
	<u><u>580</u></u>	<u><u>568</u></u>

Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £305,929 (2016: £234,831). Individually, the payments were £9,565, £5,000, £2,630, £8,290, £25,000, £3,650, £16,000, £9,198, £11,070, £3,500, £2,964, £48,000, £6,680, £6,060, £5,000, £8,892, £12,600, £450, £7,915, £6,370, £19,755, £7,010, £15,200, £30,000, £12,500, £2,630, £20,000

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS (continued)

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

	2017 No.	2016 No.
Teachers	656	653
Administration and support	1,170	1,182
Management	125	126
	<u>1,951</u>	<u>1,961</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	639	636
Administration and support	672	676
Management	121	122
	<u>1,432</u>	<u>1,434</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	14	14
In the band £ 70,001 - £ 80,000	4	6
In the band £ 80,001 - £ 90,000	8	8
In the band £ 90,001 - £ 100,000	4	5
In the band £ 100,001 - £ 110,000	4	2
In the band £ 110,001 - £ 120,000	2	4
In the band £ 120,001 - £ 130,000	1	2
In the band £ 130,001 - £ 140,000	1	1
In the band £ 140,001 - £ 150,000	1	1

Key Management Personnel Compensation

The key management personnel of the Academy Trust comprise of the trustees and the senior management team as listed on page 1 under Trust Corporate Senior Management Team. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the trust was £859,978 (2016: £818,079).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. CENTRAL SERVICES

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

- School improvements
- Financial management
- HR and legal advice
- Property management
- Curriculum design
- Staff deployment
- Recruitment
- Audit services (internal and external)
- Data and Corero support
- Business services
- Health and safety

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

A flat 4% of income received, excluding targeted grants

The actual amounts charged during the year were as follows:

	2017	2016
	£000	£000
The Blyth Academy	176	186
Dyke House Sports & Technology College	267	272
The Grangefield Academy	133	164
Kearsley Academy	131	122
Kirk Balk Academy	190	207
Manor Academy	249	254
North Shore Academy	157	137
Red House Academy	130	136
Thomas Hepburn Community Academy	121	128
Thorp Academy	220	238
Abbey Park Primary Academy	35	34
The Ferns Primary Academy	57	53
Frederick Nattrass Primary Academy	39	41
Hilton Primary Academy	69	70
Merlin Top Primary Academy	64	61
Mount Pellon Infants & Junior Primary Academy	93	97
Norton Primary Academy	61	60
The Oak Tree Academy	72	72
Ryecroft Primary Academy	61	56
Southmere Primary Academy	72	64
	<u>2,397</u>	<u>2,454</u>
Total		

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**NOTES TO THE FINANCIAL STATEMENTS
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11. TRUSTEES' REMUNERATION AND EXPENSES

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

Ian Kershaw, the Chief Executive, received remuneration of £141,989 (2016 - £140,678) during the year. There were no pension contributions made during the year on behalf of Ian Kershaw.

Gareth Edmunds, a Director of the Trust received remuneration of £91,279 (2016 - £87,629) and is accruing benefits under Local Government Pension Scheme. The contributions paid in the year amounted to £18,635 (2016 - £20,600).

One director (2016: One) is accruing retirement benefits under a defined benefit pension scheme, as detailed above.

Related party transactions involving the Trustees are set out in note 26.

During the year ended 31 August 2017, travel and subsistence expenses totalling £7,161 (2016 - £6,063) were reimbursed to 4 (2016 - 4) Trustees.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ending 31 August 2017 was £6,022 (2016 - £4,796)

The cost of this insurance is included in the total insurance cost.

13. TANGIBLE FIXED ASSETS

	Leasehold property and improvements £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 September 2016	130,759	75	3,271	3,533	137,638
Additions	421	27	712	661	1,821
Transfer from Local Authority	18,800	-	-	-	18,800
At 31 August 2017	149,980	102	3,983	4,194	158,259
Depreciation					
At 1 September 2016	8,350	55	1,706	2,302	12,413
Charge for the year	2,640	13	738	715	4,106
At 31 August 2017	10,990	68	2,444	3,017	16,519
Net book value					
At 31 August 2017	138,990	34	1,539	1,177	141,740
At 31 August 2016	122,409	20	1,565	1,231	125,225

One school building was donated to the Trust during the year. The property was occupied during the year and consequently capitalised as a fixed asset. The formal handover is due to take place during the year ending 31 August 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

14. FIXED ASSET INVESTMENTS

Fixed asset investment by funds

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total £000
Fair value as 1 September 2016	4,078	-	483	4,561
Transfer	(1,078)	-	1,078	-
Valuation changes	305	-	180	485
Disposals	-	-	(345)	(345)
Fair value at 31 August 2017	3,305	-	1,396	4,701

The Academy Trust holds an investment portfolio consisting of mainly corporate bonds and cash. £1,078,000 was reclassified as endowment fund from unrestricted funds.

15. DEBTORS

	2017 £000	2016 £000
Trade debtors	114	108
VAT recoverable	664	1,822
Other debtors	5	-
Prepayments and accrued income	1,846	2,327
	2,629	4,257

16. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,066	951
Other taxation and social security	1,026	998
ESFA Creditor - GAG Abatement	-	353
Other creditors	935	949
Accruals and deferred income	2,333	1,624
	5,360	4,875

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

	2017 £000	2016 £000
Deferred income		
Deferred income brought forward	104	417
Resources deferred during the year	87	104
Amounts released from previous years	(104)	(417)
Deferred income at carried forward	87	104

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: Amounts falling due within one year (continued)

Deferred income held at 31 August 2017 includes unspent trip income carried forward of £87k (2016: £104k).

17. CREDITORS: Amounts falling due after more than one year

	2017 £000	2016 £000
Other loans	96	114

Included within the above are amounts falling due as follows:

	2017 £000	2016 £000
Between two and five years		
Other loans	70	70
Over five years		
Other loans	26	44

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £000	2016 £000
Repayable by instalments	26	44

Included in other creditors falling due more than one year is a loan of £96k from Salix which is provided on the following terms; repayment of £8,750 every 6 months, no interest is payable on the loan.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. FINANCIAL INSTRUMENTS

	2017 £000	2016 £000
Financial assets measured at amortised cost	1,233	1,746
Financial liabilities measured at amortised cost	4,343	3,420

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS & COMPARATIVE STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
Unrestricted funds	5,531	3,638	(2,293)	-	360	7,236
Endowment funds						
Endowment Funds	1,595	-	-	(345)	155	1,405
Restricted funds						
General Annual Grant (GAG)	2,118	60,237	(61,348)	(680)	-	327
Start up grants	-	35	(35)	-	-	-
Pupil premium	-	5,999	(5,999)	-	-	-
Other DfE/ESFA grants	-	1,063	(1,063)	-	-	-
Local Authority grants	-	391	(391)	-	-	-
SEN from Local Authority	-	762	(762)	-	-	-
Other government grants	15	157	(172)	-	-	-
Nursery grants and EYSPF	-	1,315	(1,315)	-	-	-
Pension reserve	(33,755)	-	(2,675)	-	15,463	(20,967)
	(31,622)	69,959	(73,760)	(680)	15,463	(20,640)
Restricted fixed asset funds						
DfE/ESFA grants	-	260	(44)	-	-	216
Other DfE capital grant	1,218	866	(878)	-	-	1,206
Sponsorship capital contribution	190	27	44	345	-	606
Assets inherited on conversion	112,268	18,800	(2,652)	-	-	128,416
Assets inherited on transfer	12,957	-	(517)	-	-	12,440
Capital expenditure from GAG	-	-	(59)	680	-	621
	126,633	19,953	(4,106)	1,025	-	143,505
Total restricted funds	95,011	89,912	(77,866)	345	15,463	122,865
Total of funds	102,137	93,550	(80,159)	-	15,978	131,506

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
Unrestricted funds						
Unrestricted funds	6,219	3,450	(3,675)	(463)	-	5,531
	6,219	3,450	(3,675)	(463)	-	5,531

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19. STATEMENT OF FUNDS & COMPARATIVE STATEMENT OF FUNDS (continued)

Endowment funds

Endowment Funds	1,532	-	-	-	63	1,595
	1,532	-	-	-	63	1,595

Restricted funds

General Annual Grant (GAG)	-	61,238	(59,120)	-	-	2,118
Start up grants	-	49	(49)	-	-	-
Pupil premium	-	6,030	(6,030)	-	-	-
Other DfE/ESFA grants	-	1,480	(1,480)	-	-	-
Local Authority grants	-	676	(676)	-	-	-
SEN from Local Authority	-	464	(464)	-	-	-
Other government grants	-	242	(227)	-	-	15
Nursery grants and EYSFF	-	1,393	(1,393)	-	-	-
Pension reserve	(13,536)	-	(936)	-	(19,283)	(33,755)
	(13,536)	71,572	(70,375)	-	(19,283)	(31,622)

Restricted fixed asset funds

DfE/ESFA grants	654	238	(892)	-	-	-
IT Grant	291	-	(291)	-	-	-
Other DfE capital grant	-	1,293	(75)	-	-	1,218
Sponsorship capital contribution	-	253	(63)	-	-	190
Assets inherited on conversion	86,409	29,516	(4,120)	463	-	112,268
Assets inherited on transfer	13,221	-	(264)	-	-	12,957
Capital expenditure from GAG	29	-	(29)	-	-	-
Capital expenditure from unrestricted funds	36	-	(36)	-	-	-
	100,640	31,300	(5,770)	463	-	126,633
Total restricted funds	87,104	102,872	(76,145)	463	(19,283)	95,011
Total of funds	94,855	106,322	(79,820)	-	(19,220)	102,137

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

- (i) GAG balance carry forward is to be used for recurrent expenditure in the forthcoming period. Under the Trust's Funding Agreement with the Secretary of State the Trust was not subject to a limit of GAG which could be carried forward as at 31 August 2017
- (ii) Restricted Fixed Asset Funds relate to income received from the DfE, other government grants, transfers from GAG income and income from sponsors of individual companies prior to the merger with the Trust. The funds balance includes donated capital, being academy buildings, contents and ICT assets. The depreciation relating to the assets procured is charged against these funds over the life of the assets.
- (iii) Unrestricted Funds relate to funds brought forward upon individual schools integrating with the trust and self-generated income by the Trust's Academies.
- (iv) The Restricted Pension Fund is in deficit to the value of £20,967k (2016: £33,755k) at the year end. However, this has been inherited upon conversion to Academy status. The Trustees will continue to monitor the situation closely.
- (v) The Endowment Fund was brought forward and invested to provide a return on capital. During the year £345k (2016: £nil) was transferred to Restricted Fixed Asset funds.

A total of £345k (2016: nil) has been transferred from endowment fund to restricted fixed assets for the purchase of capital items

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS & COMPARATIVE STATEMENT OF FUNDS (continued)

in the forthcoming year.

A total of £680k (2016: nil) has been transferred from restricted fund to restricted fixed assets for the purchase of capital items.

A total of £nil (2016: £463k) has been transferred from unrestricted funds to restricted fixed asset funds to allocate the unspent capital included within unrestricted funds that is required to be recognised within restricted fixed asset funds.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS & COMPARATIVE STATEMENT OF FUNDS (continued)

Total cost analysis by Academy

	Teaching and education staff costs	Other support costs	Educational supplies	other costs (excluding depreciation)	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000
The Ferns Primary Academy	1,162	198	18	423	1,801	1,795
Hilton Academy	1,623	178	105	505	2,411	2,124
Merlin Top Primary Academy	1,303	129	66	552	2,050	1,874
Mount Pellon Infants & Junior Academy	1,682	406	142	421	2,651	2,634
Ryecroft Primary Academy	1,204	154	92	488	1,938	1,967
Kearsley Academy	2,071	489	123	660	3,343	3,312
North Shore Academy	2,803	521	115	1,145	4,584	4,538
Dyke House Sports & Technology College	5,915	651	269	1,383	8,218	10,532
Abbey Park Primary Academy	690	156	44	214	1,104	1,097
Thomas Hepburn Community Academy	1,982	521	84	969	3,556	4,103
The Grangefield Academy	2,419	350	166	656	3,591	4,182
The Blyth Academy	3,552	547	124	1,059	5,282	5,100
Frederick Nattrass Primary Academy	1,035	120	65	270	1,490	1,322
The Oak Tree Academy	1,519	165	90	453	2,227	2,100
Norton Primary Academy	1,340	104	69	402	1,915	1,702
Southmere Primary Academy	1,423	206	92	394	2,115	1,931
Kirk Balk Academy	2,790	869	259	1,584	5,502	5,823
Manor Academy	5,230	651	160	1,225	7,286	7,253
Red House Academy	2,362	516	97	755	3,730	3,808
Thorpe Academy	4,917	584	233	1,305	7,039	6,679
The Centre	346	2,561	0	1,313	4,220	2,154
	<u>47,388</u>	<u>10,076</u>	<u>2,413</u>	<u>16,176</u>	<u>76,053</u>	<u>76,030</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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Analysis of Academies by Fund Balance

	Total 2017 £'000	Total 2016 £'000
The Ferns Primary Academy	15	207
Hilton Academy	15	419
Merlin Top Primary Academy	15	396
Mount Pellon Infants & Junior Academy	15	807
Ryecroft Primary Academy	15	234
Kearsley Academy	15	(364)
North Shore Academy	15	(358)
Dyke House Sports & Technology College	15	152
Abbey Park Primary Academy	15	238
Thomas Hepburn Community Academy	15	(911)
The Grangefield Academy	15	1,405
The Blyth Academy	15	285
Frederick Nattrass Primary Academy	15	212
The Oak Tree Academy	15	509
Norton Primary Academy	15	697
Southmere Primary Academy	15	315
Kirk Balk Academy	15	1,178
Manor Academy	15	864
Red House Academy	15	1,294
Thorp Academy	15	201
The Centre	<u>7,263</u>	<u>(116)</u>
	<u>7,563</u>	<u>7,664</u>
 Restricted fixed asset fund	 143,505	 126,633
Endowment fund	1,405	1,595
Pension reserve	<u>(20,967)</u>	<u>(33,755)</u>
	<u>131,506</u>	<u>102,137</u>

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

The Trust continues to successfully evidence an effective and progressive approach to Financial Planning and Management with a seamless link to both school improvement and continuous student welfare. Overall Trust Reserves have risen incrementally (2012/13: £2m to £7.5m in 2016/17) providing financial stability, but more importantly a foundation to now be able to invest substantially in school improvement.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	141,739	-	141,739
Trade investments	3,305	-	-	1,396	4,701
Current assets	4,275	5,440	1,766	9	11,490
Creditors due within one year	(87)	(5,274)	-	-	(5,361)
Creditors due in more than one year	-	(96)	-	-	(96)
Provisions for liabilities and charges	-	(20,967)	-	-	(20,967)
	<u>7,236</u>	<u>(20,640)</u>	<u>143,505</u>	<u>1,405</u>	<u>131,506</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Endowment funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	-	-	125,225	-	125,225
Trade investments	4,078	-	-	483	4,561
Current assets	1,453	7,122	1,408	1,112	11,095
Creditors due within one year	-	(4,875)	-	-	(4,875)
Creditors due in more than one year	-	(114)	-	-	(114)
Provisions for liabilities and charges	-	(33,755)	-	-	(33,755)
	<u>5,531</u>	<u>(31,622)</u>	<u>126,633</u>	<u>1,595</u>	<u>102,137</u>

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £000	2016 £000
Net income for the year (as per Statement of Financial Activities)	13,906	26,565
Adjustment for:		
Depreciation charges	4,106	3,790
Impairment of fixed assets	-	1,805
Investment income	(6)	-
Decrease/(increase) in stocks	17	-
Decrease/(increase) in debtors	1,628	(827)
Increase/(decrease) in creditors	485	(894)
Capital grants from DfE and other capital income	(1,350)	(1,910)
Defined benefit pension scheme cost less contributions payable	2,018	462
Defined benefit pension scheme finance cost	657	474
Net (gain)/loss on assets and liabilities from local authority on conversion	(18,800)	(29,532)
Investment gains	(460)	(63)
Net cash provided by/(used in) operating activities	<u>2,201</u>	<u>(130)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash in hand and at bank	8,859	6,821
Total	<u>8,859</u>	<u>6,821</u>

23. CONTINGENT LIABILITIES

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

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

(a) the value at that time of the trust's assets held for the purpose of the trust; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS on 31 March 2016.

Contributions amounting to £783k were payable to the schemes at 31 August 2017 (2016 - £819k) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. PENSION COMMITMENTS (continued)

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48% (including 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £4,226k. (2016 - £2,468k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a 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 scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £3,345k (2016 - £3,404k), of which employer's contributions totalled £2,552k (2016 - £2,595k) and employees' contributions totalled £793k. (2016 - £809k). The agreed contribution rates for future years are 12.8% for employers and 5.5-12.5% for employees.

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

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	33,003	27,319
Bonds	2,471	2,330
Other bonds	2,183	1,800
Property	3,122	2,758
Cash and other liquid assets	2,999	1,368
Other	1,520	940
Total market value of assets	45,298	36,515

The actual return on scheme assets was £5,389 (2016 - £5,309k).

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £000	2016 £000
Current service cost	(4,550)	(2,943)
Net interest cost	(657)	(474)
Past service cost	(16)	(110)
Administration expenses	(4)	(4)
	<u> </u>	<u> </u>
Total	(5,227)	(3,531)
	<u> </u>	<u> </u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £000	2016 £000
Opening defined benefit obligation	70,270	41,670
Current service cost	4,550	2,943
Interest cost	1,436	1,600
Employee contributions	793	809
Actuarial (gains)/losses	(10,074)	23,479
Benefits paid	(726)	(328)
Past service costs	16	110
Other	-	(13)
	<u> </u>	<u> </u>
Closing defined benefit obligation	66,265	70,270
	<u> </u>	<u> </u>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	36,515	28,134
Return on plan assets	779	1,126
Actuarial gains	5,389	4,183
Employer contributions	2,552	2,595
Employee contributions	793	809
Administration charges	(4)	(4)
Benefits paid	(726)	(328)
	<u> </u>	<u> </u>
Closing fair value of scheme assets	45,298	36,515
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
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Principal actuarial assumptions

	Rate of increase on salaries		Rate of increase for pension payments/inflation		Discount rate for scheme liabilities	
	2017	2016	2017	2016	2017	2016
	%	%	%	%	%	%
The Ferns Primary Academy	3.2	3.4	2.4	2.1	2.5	2.1
Hilton Academy	3.4	3.4	1.9	1.9	2.5	2.0
Merlin Top Primary Academy	3.3	3.5	2.0	2.0	2.5	2.0
Mount Pellon Infants & Junior Academy	3.3	3.4	2.0	1.9	2.5	2.0
Ryecroft Primary Academy	3.3	3.5	2.0	2.0	2.5	2.0
Kearsley Academy	3.2	3.4	2.4	2.1	2.5	2.1
North Shore Academy	2.9	3.4	1.9	1.9	2.5	2.0
Dyke House Sports & Technology College	2.9	3.4	1.9	1.9	2.5	2.0
Abbey Park Primary Academy	3.3	3.4	2.0	1.9	2.5	2.0
Thomas Hepburn Community Academy	3.4	3.4	1.9	1.9	2.5	2.0
The Grangefield Academy	3.0	3.4	2.0	1.9	2.5	2.0
The Blyth Academy	3.6	3.5	2.1	2.0	2.5	2.0
Frederick Nattrass Primary Academy	3.0	3.4	2.0	1.9	2.5	2.0
The Oak Tree Academy	3.0	3.4	2.0	1.9	2.5	2.0
Norton Primary Academy	3.0	3.4	2.0	1.9	2.5	2.0
Southmere Primary Academy	3.3	3.4	2.0	1.9	2.5	2.0
Kirk Balk Academy	3.4	3.6	2.2	1.9	2.4	2.1
Manor Academy	3.0	3.4	2.0	1.9	2.5	2.0
Red House Academy	3.4	3.4	1.9	1.9	2.5	2.0
Thorp Academy	3.4	3.4	1.9	1.9	2.5	2.0
The Centre	3.4	3.4	1.9	1.9	2.5	2.0

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Mortality

The assumed life expectations on retirement age 65 are:	Males		Females	
	Retiring today	Retiring in 20 years	Retiring today	Retiring in 20 years
The Ferns Primary Academy	21.5	23.7	24.1	26.2
Hilton Academy	22.8	25.0	26.3	28.6
Merlin Top Primary Academy	22.1	23.0	25.2	27.0
Mount Pellon Infants & Junior Academy	22.1	23.0	25.2	27.0
Ryecroft Primary Academy	21.5	23.7	24.1	26.2
Kearsley Academy	22.8	25.0	24.9	27.2
North Shore Academy	22.8	25.0	24.9	27.2
Dyke House Sports & Technology College	22.8	25.0	24.9	27.2
Abbey Park Primary Academy	22.1	23.0	25.2	27.0
Thomas Hepburn Community Academy	22.8	25.0	26.3	28.6
The Grangefield Academy	22.8	25.0	24.9	27.2
The Blyth Academy	22.8	25.0	24.9	27.2
Frederick Nattrass Primary Academy	22.8	25.0	24.9	27.2
The Oak Tree Academy	22.8	25.0	24.9	27.2
Norton Primary Academy	22.8	25.0	24.9	27.2
Southmere Primary Academy	22.1	23.0	25.2	27.0
Kirk Balk Academy	23.0	25.3	25.6	28.4
Manor Academy	22.8	25.0	24.9	27.2
Red House Academy	22.8	25.0	26.3	28.6
Thorp Academy	22.8	25.0	26.3	28.6
The Centre	22.8	25.0	26.3	28.6

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Land and Buildings		
Within 1 year	972	1,006
Between 1 and 5 years	2,768	2,806
After more than 5 years	12,614	13,350
Total	16,354	17,162
Other		
Within 1 year	99	100
Between 1 and 5 years	193	80
After more than 5 years	-	5
Total	292	185

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**NOTES TO THE FINANCIAL STATEMENTS
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26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the year the Academy Trust received income of £13k (2016: nil) from Leighton Management Limited and with whom Trustee Paul Callaghan is the chairman. This was for a contribution to a trip to Chicago for the students of Red House Academy. The balance outstanding in debtors in relation to this transaction is £nil (2016: nil).

During the year the Academy Trust received income of £nil (2016: £4k) from Locala Partnerships and with whom trustee Mark Sanders is the Chairman. At the year end there is a debtor balance of £nil (2016: £4k).

27. 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.

28. AGENCY ARRANGEMENTS

The trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £57k and disbursed £25k from the fund. An amount of £63k (2016: £50k) is included in other creditors relating to undistributed funds that is repayable to ESFA. The trust retained a beneficial interest in individual transactions such that less than £1k has been recognised in income and expenditure in the statement of financial activities.