

**Northern Star Academies Trust**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31<sup>st</sup> August 2016**

COMPANIES HOUSE

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A13 14/01/2017 #383

COMPANIES HOUSE

**Company Registration Number:**  
**07553531 (England and Wales)**

# **Northern Star Academies Trust**

## **Contents**

|  | <b>Page</b> |
|--|-------------|
| Reference and Administrative Details   | 2           |
| Trustees' Report   | 3           |
| Governance Statement   | 11          |
| Statement on Regularity, Propriety and Compliance  | 14          |
| Statement of Trustees' Responsibilities  | 15          |
| Independent Auditor's Report on the Financial Statements   | 16          |
| Independent Reporting Accountant's Report on Regularity  | 18          |
| Statement of Financial Activities incorporating Income & Expenditure Account   | 20          |
| Balance Sheet  | 21          |
| Statement of Cash Flows  | 22          |
| Notes to the Financial Statements, incorporating:<br>Statement of Accounting Policies<br>Other Notes to the Financial Statements | 23          |

## **Northern Star Academies Trust**

### **Reference and administrative details**

|                                |   |
|--------------------------------|---|
| Members                        | C Gorse<br>M Kelly<br>P Stevenson (until 25 August 2016)<br>S Strickland<br>R Thomas  |
| Trustees                       | M Kelly (Chair)<br>I Curtis (Vice Chair)<br>H Cutler<br>S Phillips<br>B Ashby<br>A Bayston (CEO and Accounting Officer)<br>J Plews (Deputy CEO)<br>H Flynn (from November 2016) |
| Company Secretary              | S Cocker  |
| Executive Team                 |   |
| Chief Executive Officer        | A Bayston   |
| Deputy Chief Executive Officer | J Plews   |
| Finance Director               | J Barker  |
| Operations Director            | S Cocker  |
| Registered Office              | 77 Gargrave Road<br>Skipton BD23 1QN<br>Tel: 01756 707600   |
| Company Registration Number    | 07553531 (England and Wales)  |
| Auditors                       | CWR Chartered Accountants<br>20 Mannin Way<br>Lancaster Business Park<br>Caton Road<br>Lancaster LA1 3SW  |
| Bankers                        | Lloyds Bank plc<br>29 Brook Street<br>Ilkley LS29 8AE   |
| Solicitors                     | Legal & Democratic Services<br>North Yorkshire County Council<br>County Hall<br>Northallerton<br>DL7 8AD  |

## **Northern Star Academies Trust**

### **TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

Northern Star Academies Trust (the trust), a multi-academy trust, was formed on 1<sup>st</sup> April 2015 by the transfer of Harrogate High School Academy Trust into the existing company structure of Skipton Girls' High School Academy Trust. New Park Primary School joined the trust on 1<sup>st</sup> December 2015 and most recently Hookstone Chase Community Primary School joined on 1<sup>st</sup> September 2016.

The trust therefore now operates the two founder secondary academies and the two primary academies. The secondary academies, Skipton Girls' High School, a selective single-sex school and Harrogate High School, a non-selective mixed sex school are for pupils aged 11 to 19 and the two primaries, New Park Primary School and Hookstone Chase Primary School are for early years and primary age pupils. These schools serve catchment areas across Skipton, Harrogate and the wider community.

As at the October 2016 school census the trust has 1814 pupils on roll.

The trust continues to actively discuss new membership with a number of schools.

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

#### **Constitution**

The trust is a company limited by guarantee and an exempt charity (company number 07553531). The charitable company's Memorandum and Articles of Association are the primary governing documents of the trust. The trustees of the trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Northern Star Academies Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

#### **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member. (note 25)

#### **Trustees' Indemnities**

Subject to the provisions of the Companies Act 2006, every trustee or other officer of the trust shall be indemnified out of the assets of the trust against any liability incurred by them in that 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 the trust. The trust is a member of the Risk Protection Arrangement, provided by the Education Funding Agency and as explained in note 11 to the financial statements the limit of this indemnity is £10,000,000.

#### **Principal Activities**

The principal activity is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools and offering a broad and balanced curriculum in line with the requirements of the master funding agreement in place with the Education Funding Agency.

The trust also provides recreational facilities for the benefit of the local community where available.

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

The management of the trust is the responsibility of the trustees who are elected and co-opted under the terms set out in the Articles of Association.

## **Northern Star Academies Trust**

### **TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)**

The number of trustees of the company shall not be less than 3 but (unless determined by ordinary resolution) shall not be subject to a maximum. The Articles of Association set out the categories of trustees and this includes the following:

- Up to 7 trustees appointed by members by ordinary resolution
- The Chief Executive Officer
- The Deputy Chief Executive Officer
- Up to 2 parent trustees if representation is not achieved in local governing bodies
- Trustees may appoint co-opted trustees
- The number of trustees who are employees of the company shall not exceed one third of the total number of directors, including the Chief Executive Officer and Deputy Chief Executive Officer
- The Secretary of State retains the power to appoint additional trustees.

Trustees are appointed as and when vacancies occur or when individuals with the skills required are identified. The trust carries out a skills audit on existing trustees and candidate trustees as appropriate to ensure a highly skilled and representative board of trustees.

The term of office for any trustee shall be four years, save that this time limit shall not apply to any post which is ex-officio. Subject to remaining eligible to be a particular type of trustee, any trustee may be reappointed or re-elected.

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

Training and induction for new trustees is given on an individual basis and includes one to one meetings with key staff and trustees, visits to member academies and provision of a Governance Handbook.

Where necessary, induction will include training on educational, legal, and financial matters. All new trustees are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents that they need to undertake their role as trustees.

Skills audits are conducted on existing trustees to identify gaps at individual and board level and inform individual trustee training.

### **Organisational Structure**

The trust has in place a governance and management structure deemed appropriate to the trust's constitution and objects. The trust is constituted as a multi-academy trust and has four levels of management structure: the Board of Directors (trustees), the Executive Team, Academy Local Governing Bodies and Academy Senior Leadership Teams.

The aim of the management structure is to encourage appropriate involvement in decision making at all levels.

The Board of Directors is responsible for setting general policy, adopting the annual plan and budget, monitoring trust performance by use of results, delegated mandates and budgets, and making major decisions about the direction and growth of the trust, capital expenditure and senior staff appointments.

The Executive Team comprises: the Chief Executive Officer (and Accounting Officer of the trust), Deputy Chief Executive Officer, Finance Director and Operations Director (and Company Secretary). This team runs the trust at an executive level implementing the policies laid down by the board of directors and reporting back to them. Decision making by the team is determined by the trust's Scheme of Delegation.

Each member academy has a Local Governing Body, responsible for the monitoring of academy performance and local decision making as set out within the trust's Scheme of Delegation. Local Governing Bodies report to the trust's Board of Directors.

Each academy has a Senior Leadership Team, including the Headteacher, responsible for the day to day running of the academy, accountable to the Local Governing Body. The Senior Leadership Teams are responsible for implementing trust plans in their particular academy and are tasked with delivering the best possible outcomes for students within the agreed budget.

## **Northern Star Academies Trust**

### **TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)**

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

The setting of pay and remuneration for all management operates within the framework of the trust's scheme of delegation and pay policies. Specifically no trustee receives pay and remuneration for their role as trustee with the exception of the Chief Executive Officer and Deputy Chief Executive Officer who are employees of the trust. Their pay and remuneration is set based on the size, responsibility and nature of the role and the role holder's performance, and is reviewed annually by trustees.

The pay and remuneration of each academy Headteacher is set and reviewed by governors based on role size and role holder's performance. The trust follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The trust's pay policy is based on the national agreed pay and conditions as outlined in the School Teachers Pay and Conditions Document and 'Burgundy book' and the National Joint Council for local government services 'Green book'.

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

The trust became a multi-academy trust on 1<sup>st</sup> April 2015, following strong collaboration between Skipton Girls High School Academy Trust and Harrogate High School Academy Trust. Both academies are founding members of Northern Star Academies Trust. New Park Primary School joined the trust on 1<sup>st</sup> December 2015 and Hookstone Chase Community Primary School joined on 1<sup>st</sup> September 2016.

During the year the trust applied an annual central charge to member academies for central and support services.

The trust is in discussion with a number of other schools in the local area, some of which are expected to join the trust in due course.

The trust has a 50% stake alongside Feversham College in a jointly owned subsidiary, Northern Lights Teaching School Alliance Limited, company number 08133729 (incorporated 6<sup>th</sup> July 2012), established to deliver teaching school activities under licence from National College. It currently collaborates with a wide range of schools across North Yorkshire, West Yorkshire and Bradford.

Northern Lights Teaching School Alliance Limited traded during the year ended 31<sup>st</sup> August 2016 and the transactions between this entity and the trust are included within these financial statements.

The trust also operates a School Centred Initial Teacher Training partnership (Northern Lights SCITT), providing school based teacher training, in partnership with Leeds Trinity University.

These subsidiaries operate within agreed policy and terms set out in the relevant legal and operational documentation of the above entities.

For Post 16 provision there is some shared provision for minority subjects across local schools. A number of students from the trust attend courses at Ermysted's Grammar School, Craven College and the trust hosts a number of students from Ermysted's Grammar School and Outwood Academy Ripon, under normal business arrangements.

In addition, Harrogate High School is host to the Sainsbury's School Games Organiser for the Harrogate School Sports Partnership. Funds for the Harrogate programme are held by the school on behalf of the funding body, Ecorys.

#### **Objectives and Activities**

##### **Objects and Aims**

The principal object and activity of the charitable company is set out in the Articles of Association. In summary it is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing academy schools by providing a high quality curriculum appropriate to the pupils and students.

In addition:

- the trust aims to improve teaching and learning on a wider basis across school communities through partnership collaboration.
- the trust also provides recreational facilities for the benefit of the local community where available.

## **Northern Star Academies Trust**

### **TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)**

As an ambitious and progressive multi-academy trust, the following set of objectives drive performance across all our academies:

- providing learning of the highest quality which will allow all our pupils and students to achieve their full potential and improved life chances
- maintaining our commitment to excellence in all phases and subjects of provision while maximising the potential of each academy's specialism and strengths (currently Skipton Girls High School: Science, Technology, Engineering and Maths (STEM), Harrogate High School: Sports, New Park and Hookstone Chase: primary phase provision)
- challenging stereotypes and contributing to social inclusion by raising standards in all areas of our work
- sharing innovative and leading edge practice in teaching and learning and further developing system-leadership locally, regionally and nationally through collaboration and partnership working
- ensuring appropriate levels of recruitment to early years, primary and secondary phase provision
- raising and sustaining the post-16 participation rate in STEM and other areas of specialism across the trust
- building on active partnerships with business, industry and higher education partners to provide clear leadership in the field of engineering as a professional career for young women
- supporting the wider community by developing academy sites, extending access to provide a recreational resource for other local schools and community groups
- to provide best value for money for the funds expended
- to comply with all appropriate statutory, regulatory and curriculum requirements
- to conduct the trust's business in accordance with the highest standards of integrity, probity and openness

### **Strategies and Activities**

**The Executive leadership of Northern Star Academies Trust (NSAT) are focusing on the following areas of school improvement in the academic year 2016-2017:**

- Raising levels of pupil and student achievement across a broad and balanced curriculum through professional collaboration across the MAT
- To stretch and challenge pupils and students of all abilities
- Developing an innovative, inclusive curriculum fit for purpose and age appropriate
- Developing curriculum and assessment strategies in response to DFE agenda
- Further developing community partnership to strengthen cohesion
- Continued development as a successful regional and national support school
- Promoting the schools nationally for their excellence in promoting women into Engineering and STEM
- Developing the school sites and infrastructure to meet students' current and future needs

### **Equal Opportunities Policy**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The trust aims to establish equal opportunities in all areas of its activities including creating a workplace environment in which the contribution and needs of all people are fully valued.

### **Disabled Persons**

The trustees recognise their responsibility under disability legislation in relation to disabled students and employees and accessibility, in order to ensure that disabled students and employees do not receive less favourable treatment. The policy of the trust is to support the recruitment and retention of pupils and employees with disabilities by making resources available and through training and career development, and supports this by adapting the physical environment where practicable and reasonable.

### **Public Benefit**

In exercising its powers and duties the trust has complied with its duty to have due regard to the Charity Commission's guidance on Public Benefit. The main public benefit delivered by the trust is the provision of a high quality of education to its students. This has been evidenced through the results achieved and feedback received from external assessments.

The trust also works collaboratively with a range of other schools for the benefit of their students and offers recreational facilities to the local community.

**TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)**

**Strategic Report**

**Skipton Girls' High School Academy**

- SGHS received the accolade as the 86<sup>th</sup> highest performing state school in the country (an increase from 100<sup>th</sup> position in 2015) for GCSE Outcomes
- The 107<sup>th</sup> highest performing state school in the country based on A Level Achievement in 2016 A\*AB
- 2016 Outcomes (attainment and progress) show an increase in headline performance over the last three years. Progress 8<sup>1</sup> score 0.46 with Pupil Premium students outperforming the rest of the cohort with a Progress 8 score of 0.54
- SGHS is a founder member of a Cohort 3 Teaching School Alliance (Northern Lights Teaching School Alliance), designated in 2012.
- Highly successful first year of the School Centred Initial Teacher Training (SCITT) programme with all trainees awarded good or outstanding
- Science, Technology, Engineering and Maths (STEM) specialism
- Converted to a single academy trust in 2011 and then joined NSAT as co-founder school in April 2015
- Most recent Ofsted grade: Outstanding, 2008 & 2011

**Harrogate High School Academy**

- Over the last two years, A Level A\*-B pass rate averaged more than 50% and overall pass rate now 99%.
- Between 2010 and 2015 pass rate in GCSE basics has increase to the national average with students whose attainment on entry is below national average.
- In both GCSE English and Maths, A\*-C levels of progress continue to be higher than the national average.
- Entire new school rebuild on same site including a large sports centre is nearing completion and the school will move in February 2017.
- Converted to a single academy trust in June 2012 then joined NSAT as co-founder school in April 2015
- Most recent Ofsted grade: Good with Outstanding Leadership and Management, 2013

**New Park Primary School Academy**

- From December 2015 New Park Primary School entered a new phase of development and embarked on structural change to ensure the continued development of the school as part of Northern Star.
- New Park Primary School joined NSAT as a converter academy 1<sup>st</sup> December, 2015.
- Outcomes in 2016 are below national averages and the leadership of the school supported by the trust are continuing with the school improvement strategies that will ensure the outcomes improve in 2017.
- KS2 outcomes for 2016 should not be compared to the outcomes of previous years due to DFE changes to the assessment regime.

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<sup>1</sup> Progress 8 is a new secondary accountability measure aimed at measuring the progress of pupils across a selected set of 8 subjects.



## Northern Star Academies Trust

### TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)

#### Performance summary and key performance indicators

The numbers of pupils on roll in trust academies at the time of the October 2015 census were as follows (2014/15 figures are shown for comparison):

| Academy                         | 2014/15 | 2015/16 |
|---------------------------------|---------|---------|
| <b>Year 7-11</b>                |         |         |
| Harrogate High School           | 405     | 407     |
| Skipton Girls High School       | 564     | 573     |
| <b>Year 12-13</b>               |         |         |
| Harrogate High School           | 159     | 152     |
| Skipton Girls High School       | 230     | 240     |
| <b>New Park Primary Academy</b> |         |         |
| Early Years                     | 9       | 10      |
| Primary                         | 163     | 167     |

The headline examination results for the year ending 31<sup>st</sup> August 2016 are summarised as follows:

| Academy   | 2014/15 | 2015/16 |
|---|---------|---------|
| <b>GCSE % 5+ A*-C including English and Maths</b> |         |         |
| Harrogate High School                             | 52%     | 52%     |
| Skipton Girls High School                         | 97%     | 98%     |
| <b>A-level % A*-E</b>                             |         |         |
| Harrogate High School                             | 98%     | 99%     |
| Skipton Girls High School                         | 99%     | 100%    |
| <b>New Park Primary Academy</b>                   |         |         |
| SATS (combined)                                   | NA      | 31%     |

Attendance for the year ending 31<sup>st</sup> August 2016:

| Academy                   | Attendance levels % | Unauthorised Absence % |
|---------------------------|---------------------|------------------------|
| Harrogate High School     | 95.2%               | 3.68%                  |
| Skipton Girls High School | 95.6%               | 0.24%                  |
| New Park Primary Academy  | 96.1%               | 0.12%                  |

The trust complies with all the terms and conditions of its Funding Agreement and manages its reserves in line with the policies set out below.

Key performance indicators are set out each year with trustees relating to student examination outcomes and key financial measures contained within the trust's budget. These are monitored on a termly basis by local governing bodies and trustees.

#### Going concern

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

## Northern Star Academies Trust

### TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)

#### Financial Review

##### Overview

These financial statements reflect a 12 month accounting period from 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016. The majority of income received is obtained from the Educational Funding Agency (EFA) in the form of recurrent General Annual Grant (GAG) funding, the use of which is restricted for the day to day running of the trust. Total grants received from the EFA are set out in the statement of financial activities. The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period the trust received £11,307,000 of income, of which £7,117,000 was GAG funding. Other grants, income and transfers amounted to £4,190,000.

Expenditure for the period totalled £9,134,000 (excluding depreciation), including £7,017,000 of staff related costs supporting the day to day running of the trust.

In aggregate, during the period, total income over total expenditure led to a surplus position of £2,291,000, excluding depreciation and movements in the pension fund.

As explained in note 27 to the financial statements, this aggregate position includes a donation of £73,272 in relation to the net surplus from activities of Northern Lights Teaching School Alliance Limited.

The Local Government Pension Scheme (LGPS) liability stands at £5,023,000 as at the 31<sup>st</sup> August 2016, an increase from £2,615,000 in the prior year. This is detailed in note 26 to the financial statements.

As at the 31<sup>st</sup> August 2016 the net book value of fixed assets after depreciation is £25,183,000 as shown in note 12 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the trust.

##### Principal Risks and Uncertainties

The trust has in place a formal risk management infrastructure. The trust reviews risk at a strategic level through its risk register, and at an operational level in each academy (through its emerging risks log).

The risk register is formally reviewed annually by trustees. In addition, the Finance Director tracks progress of any outstanding actions termly, and academy Senior Leadership Teams review the emerging risk log termly. Outstanding actions and emerging risks are consolidated termly and reviewed by trustees.

The risk register seeks to identify the key risks that the trust is or could be exposed to, identifies the likelihood of a risk occurring, its impact and the actions that are being addressed by management to mitigate the risk.

Risk categories considered are varied and include reputational, educational performance, operational and financial. Certain financial risks such as public and employee liability are mitigated through insurance cover.

The trust operates systems of internal financial control and checking and these are examined periodically through internal audit checking and by Auditors. The trust regularly reviews the appropriateness of its internal controls against its risk profile.

The trust manages its finances to ensure a level of reserves adequate to cover unforeseen circumstances and to make planned use as a part of its medium term financial plan.

As a multi-academy trust funded directly by the Department of Education, funding streams are considered to be relatively secure subject to management of pupil numbers, although the trustees recognise the impact of government policy on overall funding levels which present an external risk for the school to manage.

The key financial risks that have been identified and are under management include failure to achieve planned pupil entry numbers and failure to manage the day to day running of the trust in the medium term within forecast funding limits. Maintaining sustainable improvements in student achievement is one of the trust's key performance related risks and is considered to be effectively managed.

## Northern Star Academies Trust

### TRUSTEES' REPORT for the year ended 31<sup>st</sup> August 2016 (continued)

As at the 31<sup>st</sup> August 2016 the LGPS deficit amounted to £5,023,000. It should be noted that the trust has agreed with the pension scheme a contribution plan for the scheme over future years as detailed in note 26 and therefore the deficit is assessed as presenting a low and manageable risk to the trust.

The trust has in place controls against its key identified risks and has initiated actions in order to mitigate and manage down risks. Where significant financial risk still remains the trust has ensured that adequate insurance cover is in place.

#### Reserves Policy

The policy aims are (i) to remain appropriately funded over the medium term in order to deliver the trust's plan and in light of the trust's risk register, and (ii) to provide funding capacity for future estate maintenance and planned capital investment, (iii) to provide sufficient working capital to cover delays between spending and receipt of grants, and (iv) to provide contingency funding for unexpected emergencies.

The trustees review the reserve policy of the trust annually. As part of its annual business planning the trust runs a sensitivity analysis to ensure the school remains appropriately funded over the medium term.

The trustees have reviewed these reserve levels and believe that they should provide sufficient working capital to cover its stated aims.

As at 31<sup>st</sup> August 2016 the trust holds a net surplus of £766,000, comprising of restricted general funds (excluding pension reserves) of £359,000 and unrestricted funds of £407,000.

#### Investment Policy

The trustees have approved plans to invest only in low risk bank deposit accounts, aligned to the trust's reserves policy, with the flexibility to invest across a range of account terms in order to balance liquidity and return.

#### Plans for Future Periods

As a recently established multi-academy trust, NSAT will continue to collaborate with schools within the community and develop its membership of academies, in order to support children and young people in education from a range of backgrounds. We aim to provide the highest educational opportunities for our students as well as providing professional development for all teaching and support staff, so that our academies support students in achieving great outcomes and we contribute to the raising of educational standards across the community.

We will continue to work with our partners in education, industry and commerce to develop innovative and challenging practices to achieve our aims and build on our current successes.

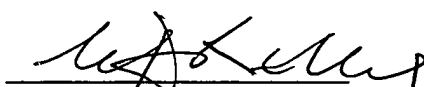
#### Auditor

Insofar as the trustees are aware:

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

The appointment of the current auditors, CWR, Chartered Accountants, was made following competitive processes within the founder academies, and has been extended by trustees up to and including the 2016 report and accounts. The appointment will then be formally tendered.

Approved by order of the board of trustees on 21/12/16 and signed for and on their behalf by:



**Martin Kelly**  
Chair of Trustees

## Northern Star Academies Trust

### GOVERNANCE STATEMENT for the year ended 31<sup>st</sup> August 2016

#### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northern Star Academies 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 trustees have formally met 6 times during the period for regular Board meetings. Attendance during the period at meetings of the governing body of trustees was as follows:

| Trustee    | Meeting Attended | Out of a possible |
|------------|------------------|-------------------|
| M Kelly    | 5                | 6                 |
| I Curtis   | 5                | 6                 |
| H Cutler   | 5                | 6                 |
| S Phillips | 6                | 6                 |
| B Ashby    | 6                | 6                 |
| A Bayston  | 6                | 6                 |
| J Plews    | 6                | 6                 |

During the period the trust has maintained a stable board of trustees and local governing body membership, and has further strengthened the board of trustees with the recent appointment of Helen Flynn, Chair of Governors at Hookstone Chase Primary School as a director with extensive experience of primary school governance. All appointments to the board are based on external guidance and advice, and a skills (and experience) audit of existing and candidate trustees, ensuring the trust has the right balance of competencies to support the aims of the trust.

During the period, in addition to the regular board meetings, Northern Star Academies Trust has held one extraordinary trustees' meeting and one informal visioning and strategy meeting for trustees and members. The attendance above reflects only the formal board meetings.

Currently there are no operating sub-committees of the main board of trustees although an audit committee will be convened in December 2016.

Trustees review the trust's governance arrangements annually.

#### Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the trust has delivered improved value for money during the year by:

- Progressing major building projects in the two secondary schools and one Condition Improvement project in the primary school to deliver a significantly improved school environment with lower energy and maintenance costs and improved safeguarding.
- Keeping the staffing structure under review and ensuring curriculum-led financial planning is used to plan the most efficient deployment of staff. A restructure was carried out at Harrogate High in order to increase financial efficiencies.

**GOVERNANCE STATEMENT for the year ended 31<sup>st</sup> August 2016 (continued)**

- Overseeing the curriculum in the academy schools to ensure it provides a value-for-money education suitable for the differing needs of pupils across the trust.
- Collaboration with Northern Lights Teaching Schools Alliance and SCITT and across the schools in the trust to share delivery and good practice and also to support and learn from other schools outside the trust.
- Adopting a Finance & Governance Manual that is aimed at ensuring probity and good stewardship of funds including mandated procedures for achieving best value.
- Overseeing an ongoing programme of market testing, negotiation and collaboration with the local authority and other suppliers to achieve better value for money from traded services and contract provision.
- Tendering a bulk laptop purchase resulting in materially lower unit costs for high quality equipment.
- Tendering the reprographics services resulting in materially lower unit print costs and lower investment costs.

The following activities further demonstrate the wider benefits of the trust in delivering good value for money:

**Stretch and Challenge:** Working with all students we provide the appropriate stretch and challenge for our students and in doing so increase the A\* and A grades achieved by the students. Care is taken to provide the individual support and guidance necessary to ensure everyone achieves their potential.

**Teaching and Learning:** Developments in teaching and learning have continued to drive forward innovation in the use of new technologies and student leadership of learning. Through data analysis, robust monitoring and self-evaluation we have worked in collaboration with subjects and faculties to ensure that learning across the schools is at all times at least good.

**Enrichment and Extra-Curricular Provision:** Our specialisms have seen some excellent developments both in terms of academic achievement but also in the range of extra-curricular opportunities the schools offer. Students are regularly involved in leading local and national competitions and conferences. The number of industrial partners is growing providing a wealth of opportunities for work related learning and careers guidance.

**Fitness for purpose:** The trust has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the trust, are the best available to us at that time, and offer good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

**Maximising income generation:** The trust has been successful in growing its external income streams, including educational consultancy and service provision, making available sports facilities and other lettings.

**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 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 Star Academies Trust for the period 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016, and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees have reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

## Northern Star Academies Trust

### GOVERNANCE STATEMENT for the year ended 31<sup>st</sup> August 2016 (continued)

#### The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees
- Regular reviews by the board of trustees 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 have considered the need for a specific internal audit function and has appointed Veritau Ltd in order to carry out additional checks and review significant areas of risk as directed.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems and other areas identified by the risk register held by trustees. On a regular basis, the internal auditor reports to the body of trustees on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

In particular the checks carried out this current period include:

- Testing of payroll and purchase systems
- Testing of controls in relation to account and bank reconciliations
- Testing of budget forecasting and returns

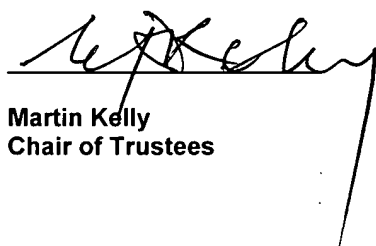
#### Review of Effectiveness

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

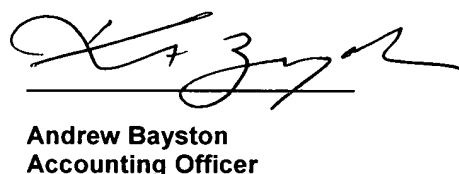
- the work of the internal auditors;
- the work of the external auditor;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the results of their review of the system of internal control by the auditors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on .....21/12/16..... and signed for and on its behalf by:



Martin Kelly  
Chair of Trustees



Andrew Bayston  
Accounting Officer

## Northern Star Academies Trust

### STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Northern Star Academies Trust I have considered my responsibility to notify the trust's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the board of trustees are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



**Andrew Bayston**  
Accounting Officer

Date: .....2/12/16.....

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who act as governors for charitable activities of Northern Star Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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:

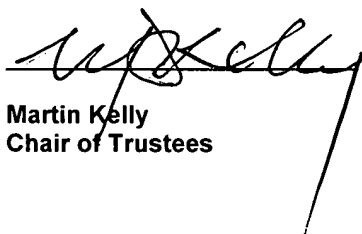
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 .....21.12/16..... and signed for and on its behalf by:



**Martin Kelly**  
**Chair of Trustees**



## **Northern Star Academies Trust**

### **Independent Auditor's Report to the Members of Northern Star Academies Trust for the year ended 31<sup>st</sup> August 2016**

We have audited the financial statements of Northern Star Academies Trust for the year ended 31<sup>st</sup> August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31<sup>st</sup> August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

*(Continued)*

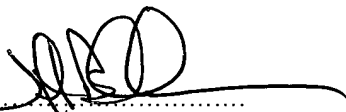
## Northern Star Academies Trust

### Independent Auditor's Report to the Members of Northern Star Academies Trust for the year ended 31<sup>st</sup> August 2016 (continued)

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

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

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



Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 15/12/2016

## **Northern Star Academies Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Northern Star Academies Trust and the Education Funding Agency for the year ended 31<sup>st</sup> August 2016**

In accordance with the terms of our engagement letter dated 31<sup>st</sup> August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern Star Academies Trust during the year from 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Northern Star Academies Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Northern Star Academies Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1<sup>st</sup> September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1<sup>st</sup> September 2015 to the 31<sup>st</sup> August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2015 to 2016 issued by EFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

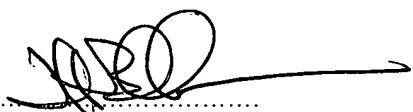
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## Northern Star Academies Trust

### Independent Reporting Accountant's Assurance Report on Regularity to Northern Star Academies Trust and the Education Funding Agency for the year ended 31<sup>st</sup> August 2016 (continued)

#### Conclusion

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 year from the 1<sup>st</sup> September 2015 to the 31<sup>st</sup> August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 15/12/2016 .....

# Northern Star Academies Trust

## Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31<sup>st</sup> August 2016

|   | Note   | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed<br>Asset Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|---|--------|-------------------------------|--|--|-----------------------|-----------------------|
| <b>Income and endowments from:</b>                                |        |                               |  |  |                       |                       |
| Donations and capital grants                                      | 2      | (30)                          | 274                                    | 2,853                                      | 3,097                 | 9,825                 |
| Charitable activities:  |        |                               |  |  |                       |                       |
| Funding for the Academy Trust's educational operations            | 5      | -                             | 7,666                                  | -  | 7,666                 | 5,119                 |
| Other trading activities  | 3      | 456                           | 85                                     | -  | 541                   | 315                   |
| Investments   | 4      | 3                             | -                                      | -  | 3                     | 8                     |
| <b>Total</b>  |        | <b>429</b>                    | <b>8,025</b>                           | <b>2,853</b>                               | <b>11,307</b>         | <b>15,267</b>         |
| <b>Expenditure on:</b>  |        |                               |  |  |                       |                       |
| Raising funds   |        | -                             | -                                      | -  | -                     | -                     |
| Charitable activities:  |        |                               |  |  |                       |                       |
| Academy trust's educational operations                            | 6,7    | 452                           | 8,682                                  | 245  | 9,379                 | 6,231                 |
| Other   |        | -                             | -                                      | -  | -                     | -                     |
| <b>Total</b>  |        | <b>452</b>                    | <b>8,682</b>                           | <b>245</b>                                 | <b>9,379</b>          | <b>6,231</b>          |
| <b>Net income/(expenditure)</b>                                   |        | <b>(23)</b>                   | <b>(657)</b>                           | <b>2,608</b>                               | <b>1,928</b>          | <b>9,036</b>          |
| <b>Transfers between funds</b>                                    | 16     | <b>(509)</b>                  | <b>241</b>                             | <b>268</b>                                 | <b>-</b>              | <b>-</b>              |
| <b>Other recognised gains/(losses)</b>                            |        |                               |  |  |                       |                       |
| Actuarial (losses)/gains on defined benefit pension schemes       | 16, 26 | -                             | (2,153)                                | -  | (2,153)               | (60)                  |
| <b>Net movement in funds</b>                                      |        | <b>(532)</b>                  | <b>(2,569)</b>                         | <b>2,876</b>                               | <b>(225)</b>          | <b>8,976</b>          |
| Funds brought forward at 1 <sup>st</sup> September 2015           | 16     | 939                           | (2,095)                                | 22,315                                     | 21,159                | 12,183                |
| <b>Total funds carried forward at 31<sup>st</sup> August 2016</b> |        | <b>407</b>                    | <b>(4,664)</b>                         | <b>25,191</b>                              | <b>20,934</b>         | <b>21,159</b>         |

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

# Northern Star Academies Trust

## Balance Sheet as at 31<sup>st</sup> August 2016

|   | Notes | 2016<br>£000   | 2016<br>£000  | 2015<br>£000   | 2015<br>£000  |
|---|-------|----------------|---------------|----------------|---------------|
| <b>Fixed assets</b>                                     |       |                |               |                |               |
| Tangible assets   | 12    |                | 25,183        |                | 22,315        |
| <b>Current assets</b>                                   |       |                |               |                |               |
| Stocks  | 13    | 6              |               | 4              |               |
| Debtors   | 14    | 443            |               | 302            |               |
| Cash at bank and in hand                                |       | 1,494          |               | 2,103          |               |
|   |       | <u>1,943</u>   |               | <u>2,409</u>   |               |
| <b>Liabilities</b>                                      |       |                |               |                |               |
| Creditors: Amounts falling due within one year          | 15    | <u>(1,169)</u> |               | <u>(950)</u>   |               |
| <b>Net current assets</b>                               |       |                | <u>774</u>    |                | <u>1,459</u>  |
| <b>Total assets less current liabilities</b>            |       |                | 25,957        |                | 23,774        |
| Creditors: Amounts falling due after more than one year |       |                | -             |                | -             |
| <b>Net assets excluding pension liability</b>           |       |                | <u>25,957</u> |                | <u>23,774</u> |
| Defined benefit pension scheme liability                | 26    |                | (5,023)       |                | (2,615)       |
| <b>Net assets including pension liability</b>           |       |                | <u>20,934</u> |                | <u>21,159</u> |
| <b>Funds of the Academy Trust:</b>                      |       |                |               |                |               |
| <b>Restricted funds</b>                                 |       |                |               |                |               |
| Fixed asset fund  | 16    | 25,191         |               | 22,315         |               |
| General fund  | 16    | 359            |               | 520            |               |
| Pension reserve   | 16    | <u>(5,023)</u> |               | <u>(2,615)</u> |               |
| <b>Total restricted funds</b>                           |       |                | 20,527        |                | 20,220        |
| <b>Unrestricted income funds</b>                        | 16    |                | 407           |                | 939           |
| <b>Total funds</b>                                      |       |                | <u>20,934</u> |                | <u>21,159</u> |

The financial statements on pages 20 to 46 were approved by the trustees, and authorised for issue on 21/12/16 and are signed on their behalf by:

  
 Martin Kelly  
 Chair of Trustees

Company Limited by Guarantee  
 Registration Number: 07553531

# Northern Star Academies Trust

## Statement of Cash Flows for the year ended 31<sup>st</sup> August 2016

|  | Notes | 2016<br>£000 | 2015<br>£000 |
|--|-------|--------------|--------------|
| <b>Cash flows from operating activities</b>                        |       |              |              |
| Net cash provided by/(used in) operating activities                | 20    | (352)        | 1,270        |
| <b>Cash flows from investing activities</b>                        | 22    | (257)        | (247)        |
| <b>Cash flows from financing activities</b>                        | 21    | -            | -            |
| <b>Change in cash and cash equivalents in the reporting period</b> |       | <u>(609)</u> | <u>1,023</u> |
| <b>Cash and cash equivalents at 1<sup>st</sup> September 2015</b>  |       | 2,103        | 1,080        |
| <b>Cash and cash equivalents at 31<sup>st</sup> August 2016</b>    | 23    | <u>1,494</u> | <u>2,103</u> |

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 1 Statement of accounting policies

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

#### Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

#### First time adoption of FRS 102

These financial statements are the first financial statements of Northern Star Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Northern Star Academies Trust for the year ended 31<sup>st</sup> August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

#### 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 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.

#### Income

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

- **Grants receivable**

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

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



**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

**1 Statement of accounting policies (continued)**

**Income (continued)**

**Grants receivable (continued)**

Capital grants are recognised when there is entitlement 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 in the restricted fixed asset fund.

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

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

**Expenditure**

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

- **Expenditure on raising funds**

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

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 1 Statement of accounting policies (continued)

#### Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

|                                  |                       |
|----------------------------------|-----------------------|
| Long leasehold buildings         | Over 125 years        |
| Fixtures, fittings and equipment | 33% straight line     |
| Computer hardware                | 33% straight line     |
| Motor Vehicles                   | 5 years straight line |

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

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.

#### Agency arrangements

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

The Academy Trust also acts as agent in distributing School Centred Initial Teacher Training (SCITT) bursary funds from the Department for Education. Payments received from DfE and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

**1 Statement of accounting policies (continued)**

**Liabilities**

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

**Provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Leased Assets**

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

**Stocks**

Unsold uniforms and other stocks are valued at the lower of cost or net realisable value.

**Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

**1 Statement of accounting policies (continued)**

**Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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.

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

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

**Fund Accounting**

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

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

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

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

**1 Statement of accounting policies (continued)**

**Critical accounting estimates and areas of judgement**

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

*Critical accounting estimates and assumptions*

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

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 26, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31<sup>st</sup> March 2013 has been used by the actuary in valuing the pensions liability at 31<sup>st</sup> August 2016. 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.

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 2 Donations and capital grants

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Capital grants                             | -                             | 403                         | 403                   | 731                   |
| Transfer from Harrogate High School (HHS)  | -                             | -                           | -                     | 8,367                 |
| Transfer from New Park Primary School (NP) | (30)                          | 2,210                       | 2,180                 | -                     |
| Trips and other non public funds           | -                             | 113                         | 113                   | 316                   |
| Donation towards Technology building       | -                             | 103                         | 103                   | 210                   |
| Other donations                            | -                             | 298                         | 298                   | 201                   |
|  | <u>(30)</u>                   | <u>3,127</u>                | <u>3,097</u>          | <u>9,825</u>          |

Income from donations and capital grants was £3,097,000 (2015 - £9,825,000) of which £(30,000) (2015 - £531,000) was attributable to unrestricted funds, £274,000 (2015 - £(797,000)) was attributable to restricted general funds and £2,853,000 (2015 - £10,091,000) was attributable to restricted fixed asset funds.

£403,000 (2015 - £731,000) of government grants were received for capital and maintenance works.

### 3 Other trading activities

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Hire of facilities                     | 159                           | -                           | 159                   | 93                    |
| Catering income                        | 10                            | -                           | 10                    | 9                     |
| Sale of educational goods and services | 30                            | -                           | 30                    | 24                    |
| Supplies of staff                      | 257                           | 85                          | 342                   | 189                   |
|  | <u>456</u>                    | <u>85</u>                   | <u>541</u>            | <u>315</u>            |

Income from other trading activities was £541,000 (2015 - £315,000) of which £456,000 (2015 - £276,000) was attributable to unrestricted funds, £85,000 (2015 - £39,000) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

### 4 Investment income

|                     | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | 3                             | -                           | 3                     | 8                     |
|                     | <u>3</u>                      | <u>-</u>                    | <u>3</u>              | <u>8</u>              |

Investment income was £3,000 (2015 - £8,000) of which £3,000 (2015 - £8,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

5 Funding for Academy Trust's educational operations

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| <b>DfE/EFA revenue grants</b>                                |                               |                             |                       |                       |
| General Annual Grant (GAG)                                   | -                             | 7,117                       | 7,117                 | 4,891                 |
| Start-up grants  | -                             | 52                          | 52                    | -                     |
| Other DfE/EFA grants   | -                             | 240                         | 240                   | 182                   |
|  | <u>-</u>                      | <u>7,409</u>                | <u>7,409</u>          | <u>5,073</u>          |
| <b>Other Government grants</b>                               |                               |                             |                       |                       |
| Local Authority grants                                       | -                             | 225                         | 225                   | 18                    |
| Special educational projects                                 | -                             | 32                          | 32                    | 28                    |
|  | <u>-</u>                      | <u>257</u>                  | <u>257</u>            | <u>46</u>             |
| Other income from the Academy Trust's educational operations | -                             | -                           | -                     | -                     |
|  | <u>-</u>                      | <u>7,666</u>                | <u>7,666</u>          | <u>5,119</u>          |

Funding for Academy Trust's educational operations was £7,666,000 (2015 - £5,119,000) of which £nil (2015 - £nil) was attributable to unrestricted funds, £7,666,000 (2015 - £5,119,000) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

£7,666,000 (2015 - £5,119,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 6 Expenditure

|  | Staff<br>Costs<br>£000 | Non Pay Expenditure<br>Premises<br>£000 | Other<br>Costs<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|--|------------------------|---|------------------------|-----------------------|-----------------------|
| Expenditure on raising funds           | -                      | -                                       | -                      | -                     | -                     |
| Academy Trust's educational operations |                        |   |                        |                       |                       |
| Direct costs                           | 5,891                  | 251                                     | 692                    | 6,834                 | 4,356                 |
| Allocated support costs                | 1,126                  | 885                                     | 534                    | 2,545                 | 1,875                 |
|  | <u>7,017</u>           | <u>1,136</u>                            | <u>1,226</u>           | <u>9,379</u>          | <u>6,231</u>          |

£452,000 (2015 - £266,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £8,682,000 (2015 - £5,822,000) was attributable to restricted general funds and £245,000 (2015 - £143,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

|                                  | 2016<br>£000 | 2015<br>£000 |
|----------------------------------|--------------|--------------|
| Operating lease rentals          | 8            | 9            |
| Depreciation                     | 245          | 143          |
| Fees payable to the auditor for: |              |              |
| Audit                            | 9            | 6            |
| Other services                   | <u>12</u>    | <u>10</u>    |

No transactions have taken place under Section 3.1.7 and 3.1.8 of the 2015 Academies Financial Handbook which require additional disclosure.



Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

7 Charitable activities

|   |  | <b>Total<br/>2016<br/>£000</b> | <b>Total<br/>2015<br/>£000</b> |
|---|--|--------------------------------|--------------------------------|
| <b>Direct costs – educational operations</b>  |  | 6,834                          | 4,356                          |
| <b>Support costs – educational operations</b> |  | <u>2,545</u>                   | <u>1,875</u>                   |
|   |  | 9,379                          | 6,231                          |
| <br>  |  |                                |                                |
| <b>Analysis of support costs</b>              | <b>Educational<br/>operations<br/>£000</b> | <b>Total<br/>2016<br/>£000</b> | <b>Total<br/>2015<br/>£000</b> |
| Support staff costs                           | 1,126                                      | 1,126                          | 814                            |
| Depreciation                                  | 49   | 49                             | 29                             |
| Premises costs                                | 836  | 836                            | 468                            |
| Other support costs                           | 502  | 502                            | 540                            |
| Governance costs                              | <u>32</u>                                  | <u>32</u>                      | <u>24</u>                      |
| <b>Total support costs</b>                    | <u>2,545</u>                               | <u>2,545</u>                   | <u>1,875</u>                   |

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 8 Staff

#### (a) Staff costs

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Staff costs during the period were:                |              |              |
| Wages and salaries                                 | 5,479        | 3,573        |
| Social security costs                              | 409          | 238          |
| Operating costs of defined benefit pension schemes | 988          | 565          |
|  | <u>6,876</u> | <u>4,376</u> |
| Supply staff costs                                 | 137          | 135          |
| Staff restructuring costs                          | 4            | -            |
|  | <u>7,017</u> | <u>4,511</u> |
| Staff restructuring costs comprise:                |              |              |
| Redundancy payments                                | 4            | -            |
| Severance payments                                 | -            | -            |
| Other restructuring costs                          | -            | -            |
|  | <u>4</u>     | <u>-</u>     |

#### (b) Staff severance payments

There were no non-statutory/non-contractual severance payments during the year. (2015: £nil).

#### (c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full time equivalents, was as follows:

|                            | 2016<br>Number | 2016<br>Full-time<br>equivalent | 2015<br>Number | 2015<br>Full-time<br>equivalent |
|----------------------------|----------------|---------------------------------|----------------|---------------------------------|
| Teachers                   | 107            | 89                              | 90             | 77                              |
| Administration and support | 110            | 76                              | 106            | 69                              |
| Management                 | 16             | 16                              | 14             | 14                              |
|                            | <u>233</u>     | <u>181</u>                      | <u>210</u>     | <u>160</u>                      |

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 8 Staff (continued)

#### (d) Higher paid staff

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

|                    | 2016<br>No. | 2015<br>No. |
|--------------------|-------------|-------------|
| £60,001 - £70,000  | 2           | 2           |
| £70,000 - £80,000  | 1           | -           |
| £80,001 - £90,000  | 2           | 1           |
| £90,001 - £100,000 | -           | 1           |

#### (e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £319,000 (2015: £323,000).

### 9 Central Services

The academy trust has provided central and support services to its constituent academies during the year. The trust charges for these services as a flat percentage of income. The actual amounts charged during the year were as follows:

|                            | 2016<br>£000 | 2015<br>£000 |
|----------------------------|--------------|--------------|
| Skipton Girls' High School | 31           | 14           |
| Harrogate High School      | 25           | -            |
| New Park Primary School    | 6            | -            |
|                            | <u>62</u>    | <u>14</u>    |

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

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

#### K A Bayston (CEO and trustee):

|                                  |                   |                            |
|----------------------------------|-------------------|----------------------------|
| Remuneration                     | £80,000 - £85,000 | (2015: £95,000 - £100,000) |
| Employers' pension contributions | £5,000 - £10,000  | (2015: £10,000 - £15,000)  |

#### J Plews (Deputy and trustee):

|                                  |                   |                           |
|----------------------------------|-------------------|---------------------------|
| Remuneration                     | £85,000 - £90,000 | (2015: £80,000 - £85,000) |
| Employers' pension contributions | £10,000 - £15,000 | (2015: £10,000 - £15,000) |

Other related party transactions involving the trustees are set out in note 27.

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 11 Trustees' and officers' insurance

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

### 12 Tangible fixed assets

|                                   | Leasehold<br>Land and<br>Buildings<br>£000 | Furniture<br>and<br>Equipment<br>£000 | Computer<br>Hardware<br>£000 | Motor<br>Vehicles<br>£000 | Total<br>£000 |
|-----------------------------------|--|---------------------------------------|------------------------------|---------------------------|---------------|
| <b>Cost</b>                       |  |                                       |                              |                           |               |
| At 1 <sup>st</sup> September 2015 | 22,979                                     | 35                                    | 46                           | 18                        | 23,078        |
| Transfer from New Park            | 2,347                                      | -                                     | -                            | -                         | 2,347         |
| Additions                         | 657  | 109                                   | -                            | -                         | 766           |
| Disposals                         | -  | -                                     | -                            | -                         | -             |
| At 31 <sup>st</sup> August 2016   | 25,983                                     | 144                                   | 46                           | 18                        | 26,191        |
| <b>Depreciation</b>               |  |                                       |                              |                           |               |
| At 1 <sup>st</sup> September 2015 | 680  | 30                                    | 46                           | 7                         | 763           |
| Charged in period                 | 204  | 37                                    | -                            | 4                         | 245           |
| Disposals                         | -  | -                                     | -                            | -                         | -             |
| At 31 <sup>st</sup> August 2016   | 884  | 67                                    | 46                           | 11                        | 1,008         |
| <b>Net book values</b>            |  |                                       |                              |                           |               |
| At 31 <sup>st</sup> August 2015   | 22,299                                     | 5                                     | -                            | 11                        | 22,315        |
| At 31 <sup>st</sup> August 2016   | 25,099                                     | 77                                    | -                            | 7                         | 25,183        |

### 13 Stocks

|            | 2016<br>£000 | 2015<br>£000 |
|------------|--------------|--------------|
| Clothing   | 2            | -            |
| Stationery | 4            | 4            |
|            | <u>6</u>     | <u>4</u>     |

### 14 Debtors

|                                | 2016<br>£000 | 2015<br>£000 |
|--------------------------------|--------------|--------------|
| Trade debtors                  | 36           | 27           |
| VAT recoverable                | 79           | 140          |
| Other debtors                  | 237          | 53           |
| Prepayments and accrued income | 91           | 82           |
|                                | <u>443</u>   | <u>302</u>   |

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

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

|                                    | 2016<br>£000 | 2015<br>£000 |
|------------------------------------|--------------|--------------|
| Trade creditors                    | 381          | 505          |
| Other taxation and social security | 132          | 106          |
| Other creditors                    | 245          | 181          |
| Accruals and deferred income       | 411          | 158          |
|                                    | <u>1,169</u> | <u>950</u>   |

### 16 Funds

|                                     | Balance at<br>1 <sup>st</sup> September<br>2015<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains,<br>Losses and<br>Transfers<br>£000 | Balance at<br>31 <sup>st</sup> August<br>2016<br>£000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| <b>Restricted general funds</b>     |   |                |                     |   |   |
| General Annual Grant (GAG)          | 377   | 7,117          | (7,564)             | 241                                       | 171   |
| Start-up grant                      | -   | 52             | (31)                | -   | 21  |
| Pupil premium                       | -   | 188            | (188)               | -   | -   |
| Other DfE/EFA grants                | 61  | 52             | (52)                | -   | 61  |
| Local Authority grants              | -   | 225            | (225)               | -   | -   |
| Other restricted funds              | 82  | 528            | (504)               | -   | 106   |
| Pension reserve                     | (2,615)   | (137)          | (118)               | (2,153)                                   | (5,023)   |
|                                     | <u>(2,095)</u>  | <u>8025</u>    | <u>(8,682)</u>      | <u>(1,912)</u>                            | <u>(4,664)</u>  |
| <b>Restricted fixed asset funds</b> |   |                |                     |   |   |
| DfE/EFA capital grants              | -   | 403            | -                   | (395)                                     | 8   |
| Other capital grants                | -   | 103            | -                   | (103)                                     | -   |
| Capitalised assets post conversion  | 1,305   | -              | (52)                | 766                                       | 2,019   |
| Assets on conversion                | 21,010  | 2,347          | (193)               | -   | 23,164  |
|                                     | <u>22,315</u>   | <u>2,853</u>   | <u>(245)</u>        | <u>268</u>                                | <u>25,191</u>   |
| <b>Total restricted funds</b>       | <u>20,220</u>   | <u>10,878</u>  | <u>(8,927)</u>      | <u>(1,644)</u>                            | <u>20,527</u>   |
| <b>Total unrestricted funds</b>     | <u>939</u>  | <u>429</u>     | <u>(452)</u>        | <u>(509)</u>                              | <u>407</u>  |
| <b>Total funds</b>                  | <u>21,159</u>   | <u>11,307</u>  | <u>(9,379)</u>      | <u>(2,153)</u>                            | <u>20,934</u>   |

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31<sup>st</sup> August 2016. At the year end the carry forward of GAG funding was £171,000.

Start up grants were received in the year for New Park Primary school of £27,000 and also for Hookstone Chase Primary School which joined the multi academy Trust on 1<sup>st</sup> September 2016. At 31<sup>st</sup> August 2016 unspent funds of £21,000 have been carried forward.

## Northern Star Academies Trust

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 16 Funds (continued)

Other DfE/EFA grants include monies received outside of GAG funding. At 31<sup>st</sup> August 2016 unspent central services monies of £61,000 have been carried forward.

Local Authority grants represent amounts payable to the Academy Trust predominantly from North Yorkshire County Council. As at the 31<sup>st</sup> August 2016 these funds had been spent in full.

Other restricted funds include monies from trips & non public funds and donations. During the period the trips & non public funds had no excess expenditure over income. At the year end £6,000 remained unspent and is carried forward to the next accounting period. Donations received were for restricted purposes and as at the year end £100,000 remained unspent. The total of other restricted funds carried forward at 31<sup>st</sup> August 2016 is £106,000.

DfE/EFA capital grants represent capital monies received during the year from the EFA. As 31<sup>st</sup> August 2016 unspent funds of £8,000 have been carried forward.

Other capital grants received during the year had been spent in full at the year end.

On conversion to an academy trust, New Park Primary School was estimated to have a conversion deficit of £30,000. Once finalised this balance will be repayable to the EFA over a specified term.

Assets on conversion represent the transfer of leasehold assets relating to Skipton Girls' High School valued at £12,366,000 per a valuation in February 2011 by Bruton and Knowles Surveyors, into the Academy Trust on conversion to academy status depreciated over a 125 year period.

Assets on conversion represent the transfer of leasehold assets relating to Harrogate High School valued at £9,344,000 per a valuation by Mouchel, property valuers, into the Academy Trust on conversion to academy status depreciated over a 125 year period.

Assets on conversion represent the transfer of leasehold assets relating to New Park Primary School valued at £2,347,000 per a valuation by Kier, property valuers, into the Academy Trust on conversion to academy status depreciated over a 125 year period.

Unrestricted funds represents funds generated via activities such as from lettings, catering and bank interest receivable. This fund also includes a deficit on conversion to academy status of £30,000. The surplus on this fund at the period end was £407,000 and these funds can be used at the discretion of the Trustees to meet the charitable objectives of the Academy Trust.

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 17 Analysis of net assets between funds

Fund balances at 31<sup>st</sup> August 2016 are represented by:

|                                       | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | Total<br>Funds<br>£000 |
|---------------------------------------|-------------------------------|--|--|------------------------|
| Tangible fixed assets                 | -                             | -                                      | 25,183                                     | 25,183                 |
| Current assets                        | 407                           | 1,528                                  | 8  | 1,943                  |
| Current liabilities                   | -                             | (1,169)                                | -  | (1,169)                |
| Pension scheme liability              | -                             | (5,023)                                | -  | (5,023)                |
| <b>Total net assets/(liabilities)</b> | <b>407</b>                    | <b>(4,664)</b>                         | <b>25,191</b>                              | <b>20,934</b>          |

### Total funds analysis by academy

Fund balances at 31<sup>st</sup> August 2016 were allocated as follows:

|   | 2016<br>£000  | 2015<br>£000  |
|---|---------------|---------------|
| Skipton Girls' High School                    | 133           | 649           |
| Harrogate High School                         | 528           | 749           |
| New Park Primary School                       | 22            | -             |
| Central services                              | 83            | 61            |
| Total before fixed assets and pension reserve | 766           | 1,459         |
| Restricted fixed asset fund                   | 25,191        | 22,315        |
| Pension reserve                               | (5,023)       | (2,615)       |
| <b>Total</b>                                  | <b>20,934</b> | <b>21,159</b> |

### Total cost analysis by academy

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

|                            | Teaching<br>and<br>Educational<br>Support<br>Staff Costs<br>£000 | Other<br>Support<br>Staff<br>Costs<br>£000 | Educational<br>Supplies<br>£000 | Other<br>Costs<br>(excluding<br>Depreciation)<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|----------------------------|--|--|---------------------------------|---|-----------------------|-----------------------|
| Skipton Girls' High School | 2,784  | 620  | 105                             | 1,061   | 4,570                 | 4,486                 |
| Harrogate High School      | 2,596  | 475  | 147                             | 531   | 3,749                 | 1,577                 |
| New Park Primary School    | 471  | 29   | 17                              | 202   | 719                   | -                     |
| Central Services           | 37   | 5  | -                               | 54  | 96                    | 14                    |
| <b>Academy Trust</b>       | <b>5,888</b>   | <b>1,129</b>                               | <b>269</b>                      | <b>1,848</b>  | <b>9,134</b>          | <b>6,077</b>          |

## Northern Star Academies Trust

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 18 Capital commitments

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Contracted for, but not provided in the financial statements | -            | 560          |

#### 19 Commitments under operating leases

##### Operating leases

At 31<sup>st</sup> August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Amounts due within one year            | 8            | 7            |
| Amounts due between one and five years | 9            | 15           |
| Amounts due after five years           | -            | -            |
|  | 17           | 22           |



# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

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

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 1,928        | 9,036        |
| Adjusted for:  |              |              |
| Depreciation (note 12)   | 245          | 143          |
| HHS fixed asset transfer   | -            | (9,150)      |
| New Park fixed asset transfer  | (2,347)      | -            |
| Capital grants from DfE and other capital income   | (506)        | (941)        |
| Interest receivable (note 4)   | (3)          | (8)          |
| HHS pension transfer   | -            | 1,552        |
| New Park pension transfer  | 137          | -            |
| Defined benefit pension scheme cost less contributions payable (note 26)                         | 23           | 2            |
| Defined benefit pension scheme finance cost (note 26)  | 95           | 59           |
| Increase in stocks   | (2)          | -            |
| Increase in debtors  | (141)        | (138)        |
| Increase in creditors  | 219          | 715          |
| <b>Net cash (used in)/provided by operating activities</b>                                       | <b>(352)</b> | <b>1,270</b> |

### 21 Cash flows from financing activities

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Repayments of borrowing                                    | -            | -            |
| Cash inflows from borrowing                                | -            | -            |
| <b>Net cash provided by/(used in) financing activities</b> | <b>-</b>     | <b>-</b>     |

### 22 Cash flows from investing activities

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Dividends, interest and rents from investments             | 3            | 8            |
| Proceeds from sale of tangible fixed assets                | -            | -            |
| Purchase of tangible fixed assets                          | (766)        | (1,196)      |
| Capital grants from DfE/EFA                                | 403          | 731          |
| Capital funding received from others                       | 103          | 210          |
| <b>Net cash provided by/(used in) investing activities</b> | <b>(257)</b> | <b>(247)</b> |

### 23 Analysis of cash and cash equivalents

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Cash at bank and in hand               | 1,494        | 2,103        |
| Notice deposits (less than 3 months)   | -            | -            |
| <b>Total cash and cash equivalents</b> | <b>1,494</b> | <b>2,103</b> |

## **Northern Star Academies Trust**

### **Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

#### **24 Contingent Liabilities**

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Charities Commission the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

#### **25 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.

#### **26 Pension and similar obligations**

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

The latest actuarial valuation of the TPS was 31<sup>st</sup> March 2012 and of the LGPS 31<sup>st</sup> March 2013.

Contributions amounting to £118,000 (2015: £91,000) were payable to the schemes at 31<sup>st</sup> August 2016 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<sup>st</sup> April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1<sup>st</sup> 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**

Not less than every four years 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.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

**26 Pension and similar obligations (continued)**

**Teachers' Pension Scheme (continued)**

The latest actuarial valuation of the TPS was carried out as at 31<sup>st</sup> 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<sup>th</sup> 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);
- 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; and
- 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 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1<sup>st</sup> April 2019.

The pension costs paid to TPS in the period amounted to £609,000 (2015: £340,000).

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

Under the definitions set out in FRS 102, the TPS is 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 the assets held in separate trustee-administered funds. The total contribution made for the period ended 31<sup>st</sup> August 2016 was £342,000 (2015: £213,000), of which employer's contributions totalled £268,000 (2015: £168,000), and employees' contributions totalled £74,000 (2015: £45,000). The agreed contribution rates for future years are 16.5% (SGHS), 13.6% (HHS) and 11% (NP) for employers and the rate for employees remains dependent on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 26 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

##### Principal Actuarial Assumptions

|  | At 31 <sup>st</sup><br>August<br>2016 | At 31 <sup>st</sup><br>August<br>2015 |
|--|---------------------------------------|---------------------------------------|
| Rate of increase in salaries                         | 3.4%                                  | 3.5%                                  |
| Rate of increase for pensions in payment / inflation | 1.9%                                  | 2.0%                                  |
| Discount rate for scheme liabilities                 | 2.0%                                  | 3.8%                                  |
| Inflation assumption (CPI)                           | 1.9%                                  | 2.0%                                  |
| Commutation of pensions to lump sums                 | 50%                                   | 50%                                   |

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

|                             | At 31 <sup>st</sup><br>August<br>2016 | At 31 <sup>st</sup><br>August<br>2015 |
|-----------------------------|---------------------------------------|---------------------------------------|
| <i>Retiring today</i>       |                                       |                                       |
| Males                       | 23.3                                  | 23.2                                  |
| Females                     | 25.8                                  | 25.7                                  |
| <i>Retiring in 20 years</i> |                                       |                                       |
| Males                       | 25.6                                  | 25.4                                  |
| Females                     | 28.1                                  | 28.0                                  |

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

|                                     | Fair value at<br>31 <sup>st</sup> August<br>2016 | Fair value at<br>31 <sup>st</sup> August<br>2015 |
|-------------------------------------|--|--|
| Equity instruments                  | 974  | 611  |
| Government Bonds                    | 229  | 168  |
| Other Bonds                         | 78   | 75   |
| Property                            | 133  | 75   |
| Cash                                | (11)   | 10   |
| Other                               | 147  | 95   |
| <b>Total market value of assets</b> | <b>1,550</b>                                     | <b>1,034</b>                                     |

The actual return on scheme assets was £204,000 (2015: £34,000).

# Northern Star Academies Trust

## Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

### 26 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

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

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Current service cost (net of employee contributions)                      | 290          | 170          |
| Net interest cost   | -            | -            |
| Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement | -            | -            |
| Total operating charge  | <u>290</u>   | <u>170</u>   |

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

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <b>At 1<sup>st</sup> September</b>                                | 3,649        | 1,297        |
| Current service cost  | 290          | 170          |
| Past service cost   | -            | -            |
| Interest cost   | 143          | 82           |
| Employee contributions  | 74           | 45           |
| Actuarial loss  | 2,313        | 74           |
| Benefits paid   | (33)         | (38)         |
| Plan introductions, benefit changes, curtailments and settlements | 137          | 2,019        |
| <b>At 31<sup>st</sup> August</b>                                  | <u>6,573</u> | <u>3,649</u> |

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <b>At 1<sup>st</sup> September</b>                                | 1,034        | 355          |
| Interest income   | 44           | 23           |
| Actuarial gain  | 160          | 14           |
| Employer contributions  | 271          | 168          |
| Employee contributions  | 74           | 45           |
| Benefits paid   | (33)         | (38)         |
| Plan introductions, benefit changes, curtailments and settlements | -            | 467          |
| <b>At 31<sup>st</sup> August</b>                                  | <u>1,550</u> | <u>1,034</u> |

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016**

**27 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, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at cost and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No transactions with Trustees were undertaken during the course of the year ended 31<sup>st</sup> August 2016.

During the accounting year the Academy Trust leased the buildings on the school site from The Skipton Girls' High School Foundation Trustee Limited (Company number 07543564) as a trustee of Skipton Girls' High School Foundation which is an unincorporated charity (Charity number 1047961). The lease is to be over a period of 125 years and all of the buildings are leased for a peppercorn rental each year.

During the year the Academy received donations of £211,923 from the Skipton Girls' High School Foundation.

During the accounting year the Academy had transactions with Northern Lights Teaching School Alliance Limited (NLTSA) a company limited by guarantee (Company number 08133729). NLTSA was set up as a joint venture between the Academy and Feversham College for the operation of a Teaching School. The Academy and Feversham College are the only members of the company. During the year the Academy invoiced NLTSA £124,837. A donation of £73,272 was owed by NLTSA to the Academy at 31<sup>st</sup> August 2016 which is included in Other Debtors.

**28 Agency arrangements**

The Academy distributes 16 -19 bursary funds to students as an agent for the Education Funding Agency. In the accounting year ending 31<sup>st</sup> August 2016 the trust received £42,609 and disbursed £27,349 from the fund. An amount of £15,260 is included in other creditors relating to undistributed funds.

Similarly the Academy distributes School Centred Initial Teacher Training (SCITT) bursary funding to student teachers as an agent for the Department for Education. In the accounting year ending 31<sup>st</sup> August 2016 the trust received £154,000 and disbursed £113,000 from the fund. The balance of £41,000 is included in other creditors in relation to the undistributed funds.

## Northern Star Academies Trust

### Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2016

#### 29 Explanation of transition to FRS102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31<sup>st</sup> August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1<sup>st</sup> September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

| Reconciliation of net income / expenditure                 | 31 <sup>st</sup> August<br>2015<br>£000 |
|--|---|
| Net income / expenditure previously reported under UK GAAP | 9,047                                   |
| Change in recognition of LGPS interest cost                | (11)                                    |
| Employee benefits accrual                                  | -                                       |
| Net movement in income / expenditure reported under FRS102 | <u>9,036</u>                            |

#### Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1<sup>st</sup> September 2014 or 31<sup>st</sup> August 2015. The effect of the change has been to increase the debit expense by £11,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

#### Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. A small number of employees are entitled to carry forward unused holiday entitlement at the reporting date. The expense in relation to this is wholly immaterial and therefore no retrospective adjustment has been made in the accounts at 31<sup>st</sup> August 2016.