

Company Registration No. 07909140 (England and Wales)

NORTHERN LIGHTS LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



NORTHERN LIGHTS LEARNING TRUST

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NORTHERN LIGHTS LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

R Thorndyke
P Blackburn
B Hart
Ven B. Cooper
M. Stouph

Directors

M Stouph (Chair of Trustees)
P R Clark
P N Farquhar (Chair of Finance)
C Inkster
P N Olsen
J Heaton (Accounting Officer, CEO)
S Lymer (Appointed 17 October 2019)
K Hammond (Appointed 3 December 2019)

Benedict Biscop CE Local Governing Body (LGB)

Rev. D Tolhurst (Chair) (Ex-officio)
S Armstrong (Ex Officio Headteacher)
Rev. S Thorp (resigned 5th October 2019)
Councillor C Marshall
H Anderson (parent elected end of term Oct 2020)
G Clark (staff elected)
G Petrie
L Norton (staff elected end of term 23 November 2020)
G Arundel
A Cooper
D Holmes (parent elected)

Hart Primary and St Peters Elwick CofE Primary Schools Local Governing Body (LGB)

C Reid (Chair)
E Wallace (staff elected)
J Burbury (Ex-officio)
J Brash
K Smith
L Tiplady
P Dickson
S Leighton
K Hill (Ex-Officio Headteacher)
S Storm (parent elected)
K Horne
T Wylie

NORTHERN LIGHTS LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Senior management team

- CEO/Executive Headteacher	J Heaton
- Headteacher Benedict Biscop CE Academy	S Armstrong
- Head of School Hart Primary and St Peter's Elwick CofE School	K Hill
- Deputy Headteacher Benedict Biscop CE Academy	G Clark
- Assistant Head of School Hart Primary	S Leighton
- Assistant Head of School St Peter's Elwick Cof E School	V Wilson
- Chief Financial Officer (CFO)	H Swinhoe

Company secretary C Henderson

Company registration number 07909140 (England and Wales)

Registered office Marcross Drive
Moorside
Sunderland
Tyne & Wear
SR3 2RE

Academies operated

Hart Community Primary School
St Peter's Elwick C of E School
Benedict Biscop C of E Academy

Location

Hartlepool
Hartlepool
Sunderland

Principal

Mrs Jo Heaton
Mrs Jo Heaton
Mrs Sarah Armstrong

Independent auditor

Azets Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1st September 2019 to 31st August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates two Church of England academies and one community academy for pupils aged 3-11 years, serving communities in South Sunderland and villages in Hartlepool admitting pupils who are wholly or mainly drawn from the areas in which the schools are situated. The Academies provide education for pupils of different abilities. The Academies have a curriculum satisfying the requirements of Section 1: Academies Act 2010 (balanced and broad-based curriculum). The Academies are at the heart of the communities, working closely in partnership with all stakeholders and promoting British values.

The academies combined pupil capacity is 480 including Nursery and had a roll of 470 in the school census on 16th January and also on 20th March 2020 when schools partially closed due to Covid Summer census figures are not available as the return was cancelled.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity (company number 07909140). The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Northern Lights Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Northern Lights Learning Trust.

Details of the Directors who served throughout the period between 1st September 2019 and 31st August 2020, are included in the Reference and Administrative Details on Page 1.

Members' liability

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

Directors' indemnities

Directors/Trustees benefit from indemnity insurance under the Department of Education's risk protection arrangement (RPA) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as Directors of the Trust. The indemnity is unlimited.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Method of recruitment and appointment or election of directors

Membership is determined in accordance with the composition set out in Article 12 onwards. In accordance with the Articles, the Academy Trust is comprised as follows:

- 5 Members - 1 of whom is the Chair of Board of Directors
- 9 Directors - 1 of whom is the CEO

The Trust Members are responsible for appointing the 9 Directors in discussion with the body they represent in accordance with the composition set out in Article 45 onwards. When vacancies arise, the Members are able to appoint directors where their skills and expertise are deemed beneficial to trust operations. An application and due diligence process will be undertaken to ensure any future board members share the ethos and values of the trust and to ensure their appointment will bring added value to the trust board. Directors/Trustees may approach potential Directors/Trustees whose skills appear to meet the requirements of the skills audits. The person applying to be a Director/Trustees will complete an application. The Chair of the Board will review this application and nominate the applicant to the Members, where appropriate.

The articles of association require there to be a minimum of three trustees to be responsible for the statutory and constitutional affairs of the Trust and its management.

The term of office of any Director/Trustee shall be 4 years in accordance with Article 64. The limit shall not apply to the CEO. Notwithstanding this, any Director/Trustee may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of directors

The following training has specifically taken place for some or all of our Directors/Trustees this year:

Confederation of School Trusts Governance Leaders
Admissions Training
Safeguarding First training
Vision and Values of NLLT
Display Screen Equipment Use
Fire Safety
Asbestos Management & Awareness

Organisational structure

The Trust's unified management structure has been reviewed during 2019-20 and consists of 4 levels:

- the Board of Directors,
- the CEO and CFO,
- Executive Leadership Team (CEO, CFO & Headteachers),
- Senior Leadership Teams (SLT).

The Directors/Trustees are responsible for strategic, financial, HR, estates, educational and governance responsibilities including determining policy, adopting annual improvement plans following self-evaluation reviews, monitoring the practices and procedures adopted by the Trust, determining strategic direction of the Trust, risk management, governance and senior staff appointments. They delegate the day-to-day operational management to the CEO, CFO, Headteachers and SLT teams who follow policies determined and adopted by the Directors/Trustees.

The CEO, CFO, Headteachers and Directors/Trustees are responsible for the authorisation of spending within agreed budgets as stated in the Scheme of Delegation and Finance Policy and the appointment of staff.

The Chief Finance Officer is responsible for the management of the financial systems, sourcing additional funds and ensuring efficient and effective use of resources. The Chief Finance Officer is responsible for the authorisation of spending up to agreed limits as stated in the Scheme of Delegation and Finance Handbook.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Arrangements for setting pay and remuneration of key management personnel

The Directors review the pay and remuneration policy annually following the guidance of:

- School Teachers Pay and Conditions (STPC), and
- National Agreement on Pay and Conditions of Service for Local Government Services (Green Book)

This applies to the Trust key management personnel and takes into account any benchmarks, parameters or criteria used in setting their pay. Annual Performance Management reviews (external and internal) recommend pay awards to the Directors who decide any pay awards within the identified pay range for individuals. Additional responsibilities are also taken into account.

Trade union facility time

As Northern Lights Learning Trust employs more than 49 full time equivalent employees, it must disclose information with regard to trade union facility time. There was no trade union official throughout the period within the Sunderland school. Northern Lights Learning Trust commissions such time within its Hartlepool schools by buying into the Trade Union facility with the Local Authority to ensure that should the schools have any supply required to cover employees' release time the school aren't faced with any large costs impacting on their delegated budgets.

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

226

Total pay bill

1,866,641

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

Related parties and other connected charities and organisations

Where any directors/trustees declare an interest, procedures are in place to address this. The Trust have adopted a policy such that where any interests are declared, the director/trustee would remove themselves from the decision-making process.

There has been one related party transaction within the accounting period. P Clark is a partner of Jacksons Law who provide HR and employment advice under SLA to the trust. These services were provided at cost in the accounting period.

Benedict Biscop CE Academy are a Teaching School and the lead school in the Prince Bishops Teaching School Alliance which provides Initial Teacher Training (ITT), continuous professional development (CPD) and school to school support to a range of partners and schools.

Business Interests are declared on the website and further detail can be found in Note 23.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The principal objective and activity of the charitable company, The Northern Lights Learning Trust, is to provide outstanding education for pupils of all abilities between the ages of 3-11. In accordance with the articles of association, the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- (ii) other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

The Trust Central Team is based in Sunderland, where the original school, Benedict Biscop CE Academy is situated. The two other schools in the Trust, Hart Primary School and St Peter's Elwick CofE Primary School, joined the trust in 2018.

All academies are non-selective and offer pupils a broad curriculum. The pupils who attend the academies live mainly in the surrounding areas. To assist academic achievement and to support parents returning to work or part time/full time education, the academies operate some childcare facilities. All academies offer pupils activities and experiences beyond the school day, allowing many pupils of all ages to participate in a variety of experiences which enhance learning and social development. All academies organise various visits and enrichment experiences to develop learning beyond the classroom.

The Trust aims to ensure that our schools remain at the heart of their communities and retain their distinctiveness. Our Trust operates with integrity, a foundation of support and pride in the achievements of our schools. We firmly believe that we are stronger together.

Our Trust Aims to support all of our academies to:

- Promote values within the schools to ensure our children develop as citizens in society who will make a difference in the world
- Stimulate in each child a sense of curiosity and excitement about the world
- Encourage our children to be courageous advocates
- Encourage each member of the school community to develop their full potential by promoting the importance and value of education and life-long learning
- Provide a broad and balanced curriculum which allow pupils to experience a wide range of opportunities that ensure that children find their strengths and passions
- Provide a welcoming, stimulating learning environment in which the contributions of all members of the community are valued
- Develop strong links and positive relationships with governors, parents, the Church, local industry and all members of the communities

Our values are developed through the curriculum and brought to life in all that we do in our schools.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives, strategies and activities

In setting our objectives and planning our activities, the Directors have given careful consideration to the Charity Commission's general guidance and public benefit.

Objectives for 2019-20 covered the following areas across the schools in our Trust. Due to the impact of Covid-19 and the national lockdown, the criteria used to measure success had to be adapted.

- To ensure the curriculum meets the needs of all learners, leading to all pupils achieving 'the best' and being educated holistically, including in line with the Christian ethos of the school, where applicable
- All pupils will be supported to meet the highest expectations in achievement, regardless of barriers
- All school outcomes will reflect the highest expectations
- All staff will be supported to meet the highest expectations, reflecting our ethos and values
- Maintain high standards of RWM across the schools and the high quality of teaching
- To ensure our assessment across all curriculum areas results in accelerated progress
- To develop the STEM curriculum in one of our schools
- To further develop local governance

CPD, internal peer and external review focused on these areas. These reviews judged that the schools were making excellent progress to achieve these objectives. Internal school data reinforced the impact and outcomes for pupils. Statutory assessments did not take place due to Covid-19 restrictions.

Public benefit

The Directors confirm they have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising their powers or duties. The standard of education offered to all pupils is outstanding and is referenced in the following section. All charitable activities are undertaken to develop the education of all pupils in its care and partner organisations in the community.

Strategic report

Achievements and performance

During the period, Northern Lights Learning Trust has undergone further development and has achieved the following:

- The Trust has been approved as a sponsor by the Regional Schools Commissioner (RSC)
- The CEO has completed the Ambition Institute CEO Trust Leader CPD programme
- The Trust Board have developed their Trust vision and what this means in practice for our schools
- The Trust have held their inaugural Trust PD Day for all staff
- The Trust has further reviewed its scheme of delegation to ensure clarity of delegated powers
- The Trust Board has recruited further highly skilled Directors/Trustees to the Board to add skills to the Board and produced a new induction programme for Directors/Trustees
- The Trust have devised the Executive Leadership Team to provide a clear vehicle to combine Trust values and principles with schools' operational decisions

Whilst there were no formal SATs in the year, Benedict Biscop CE Academy have been ranked by the Times as 24th in a list of all state Primary Schools in England based on their aggregated average scaled scores from SATs taken in 2019.

As there were no statutory assessments in 2020 due to Covid-19 restrictions, there is no available data. The key indicators for our statutory outcomes prior to lockdown, were continuing on an upward trend and demonstrated maintenance of the high standards of previous years. As a Trust we have ensured only meaningful data is utilised as part of our development planning and self-review. Therefore, we have not predicted specific pupil outcomes using expected, but potentially unreliable, data as if pupils had attended school for the whole Spring and Summer terms. We are confident that pupil performance at the time of lockdown, and pupil performance in the return in September 2020 supports our belief that pupil data would have remained at the high standards achieved by the Trust in previous years.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The CEO has continued to play a role as a system leader; being a National Leader of Education deployed across the region, working closely with the DfE as Vice Chair of the Primary Headteacher Reference Group and sitting on the Expert Advisory Group for Recruitment and Retention. The CEO continues to sit on a range of regional stakeholder groups to develop community partnerships and collaborative working, including sitting on the Durham Diocese Board of Education.

Key Performance Indicators – (please refer also to above section)

All schools in the Trust have strong Ofsted judgements:

- Hart Primary – Outstanding
- Benedict Biscop CE Academy – Outstanding
- St. Peter's CofE Primary – Good with Outstanding for Leadership & Management, Behaviour & Safety

Attendance in the Trust for the academic year up until lockdown was 97.27%.

Staff absence remains low across the Trust with an overall attendance of 96.51% in a year in which we have been challenged with the impacts of a global pandemic.

Most of the Academy's income is received from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 24. Details of all grants and income received can be found in notes 3 to 6.

During the year ended 31st August 2020 expenditure amounting to £2,569,683 was incurred or accrued, including depreciation. This was offset by grants receivable from the ESFA, the Local Authority and trading income from the breakfast club, afterschool clubs and wrap around nursery education used to ensure this business is sustainable.

At 31st August 2020, the net book value of fixed assets was £1,738,967. The assets were used exclusively to provide education and associated services to the pupils of the Academy.

Key Performance Indicator	Benedict Biscop CE Academy	Hart Primary	St Peter's CofE Primary	TOTAL
GAG Funding	854,014	475,738	441,104	1,770,856
Total revenue funding	1,246,148	609,776	567,792	2,423,716
Total Staffing Costs	882,480	469,008	433,818	1,785,306
Reserves as at 31/8/20	226,147	120,004	102,939	449,090
Total costs as a % of total funding	95.0%	100.9%	100.4%	97.7%
Reserves as % of GAG	26.5%	25.2%	23.3%	25.4%

Going concern

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

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

The Academy made an operating surplus in the year ended 31st August 2020 of £55,219 which included £34,731 on unrestricted funds and £20,408 on restricted general funds. Fund balances held at 31st August 2020 were £458,124, comprising restricted reserves of £137,167 and unrestricted reserves of £320,957. Some of the reserves are earmarked for furnishing future building development at Benedict Biscop CE Academy and to fund additional teaching staff in Hart Primary and St Peter's Elwick CofE Primary Schools for one year as a response to the missed education of our pupils due to the Covid-19 pandemic in the 2019-20 year.

Total income in the period was £2,567,007 of which £2,051,884 came from the ESFA revenue grants and £295,108 from other government grants. As the majority of the grant income is generated by pupil numbers it is imperative to ensure that pupil numbers remain high and vacancies are filled. Oversubscription criteria was applied in all schools following reception applications for the September 2020 intake. As a result, two of the schools are at capacity in this year group.

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

The Trust has a Risk Register in place which is currently being further developed to ensure the key strategic risks are identified to ensure the Trust can focus resources. This is for both financial and non-financial risks. This register is reviewed regularly to recognise the key risks and evaluate the controls implemented to eliminate or mitigate those risks.

Reserves policy

The Directors are responsible for determining the level of financial reserves to be carried forward at the end of any financial period. The Directors have delegated the monitoring of potential period end reserves to the Finance, Audit and Resource Management Committee as part of their terms of reference.

The Directors will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the ESFA on the treatment of General Annual Grant (GAG) income and other grants.

The Directors will always try to match income with expenditure in the current period and will only carry forward reserves that it considers are necessary for future periods' expenditure. The Directors will consider the School Improvement Plans for capital developments required. The Directors may accumulate reserve funds raised from private sources for the benefit of the academies in future years, and this is discussed annually.

The Trust is aiming to build up a reserve of approximately £180,000 over a 5-year period. This is approximately 1 month of staffing salary costs. The Trust has a policy of replacing and improving the buildings for the benefit of the pupils currently within the academies and consider this to be a reasonable amount. When the Trust expands, this figure will grow in proportion.

There are no funds materially in deficit.

Funds cannot be realised by disposing of tangible fixed assets.

The amount of reserves shown is above the 5-year target of £180,000. This has been realised through prudent financial planning and is currently £458,124

The amount of total funds at 31st August 2020 was £458,124

The amount of restricted general funds at 31st August 2020 were £137,167

The amount of unrestricted funds at 31st August 2020 were £320,957

The trust has reviewed the balance on restricted general funds (excluding pension reserve) plus the balance of unrestricted funds at 31st August 2020 to ensure reserve spending plans are appropriate

The total of restricted and unrestricted funds (excluding pension reserve) at 31st August 2020, was £458,124.

The reserves policy is reviewed annually.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Investment policy

There have been no investments during 2019-20. Potential investments are currently being investigated in line with the Trust's Investment Policy. The approved Investment Policy states if the Trust is able to generate better returns than currently provided in the deposit account, it may undertake other investments. Any investments, outside of the deposit account, would be made on a low-risk basis, taking ethical considerations into account and would need prior Trustee approval.

The aim of this policy is to ensure that funds which the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the schools' income, but without risk.

Our aim is to spend the publicly funded monies with which we are entrusted for the direct educational benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

The Trust will prepare such budgets and cash flow forecasts as are required by legislation and best practice, to ensure the viability and sustainability of the activities of the Trust. From time to time, operational and strategic decisions related to the education of pupils will result in substantial cash balances at the bank over a sustained period. These periods are identified by the Chief Finance Officer as part of the normal forecasting activity and, when identified, will result in the Trust making an investment in accordance with any guidance provided in the Trust's Financial Handbook.

Prior to investing funds, the CEO and the Finance, Audit and Resource Management Committee must be satisfied that the cash flow predictions provided by the Chief Finance Officer are accurate and that the amount and time period of the investment will not compromise the viability and sustainability of the activities of the schools.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to the "risk that the return on investments is not being maximised" and the "risk that Directors are not acting in accordance with the Investment Policy (e.g., investing in high-risk investments which are not in the best interests of the Trust)".

Principal risks and uncertainties

The Trust maintains a risk management plan which is reviewed regularly by the Finance, Audit and Resource Management Committee to ensure satisfactory arrangements are in place to manage the risk. This has been reviewed and adapted in this current year to streamline the prioritised risks.

In February 2015, the Trust adopted the Risk Protection Arrangements provided by the ESFA. This has continued annually.

There is an annual internal review of all risk management issues led by various staff e.g. Site Development Officer, Chief Finance Officer and teaching staff. However, there is also ongoing review in response to situations or new legislation or information.

During 2019-20, an internal Health and Safety audit indicated minimum risks and best practice, as did an Asbestos Management review. A new system for monitoring compliance has been introduced and will continue to be further utilised to ensure compliance and accessible monitoring.

The Trust considers all risks and the Directors have implemented a number of systems to assess risks that may impact the Trust, especially in operational areas, e.g., in relation to teaching, management of IT security, safeguarding, health and safety, educational school visits, and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls. The Directors are satisfied that systems are in place to mitigate exposure to major risks.

The Trust understands that the Coronavirus pandemic brought a number of risks and the Directors have ensured that the risks are monitored and addressed through risk management of the Trust, including the risk register and the internal and external reviews and audits. The principal risks identified, and managed, in Northern Lights Learning Trust include:

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

- Potential financial risk due to increased costs of cleaning and supplies. Mitigated through prudent financial management.
- Potential financial risk due to requirements to amend estates to ensure sites are Covid secure. Mitigated through prudent financial management.
- Potential financial risk due to increased staffing costs, e.g. cover for staff in isolation or testing positive. Mitigated through careful management of staffing, robust contingency plans and use of remote education and IT infrastructure investment.
- Potential risk to educational outcomes and pupil welfare. Mitigated through IT infrastructure investment, use of remote education, staff training and CPD and clear risk assessments for ensuring pupil welfare, including multi-agency working.
- Potential risk to staff welfare. Mitigated through clear risk assessments, opportunities for staff to contribute to the management of risk, use of remote IT communication, staff training and provision of support services to staff.
- Potential risk to Health and Safety due to Coronavirus. Mitigated through clear risk assessments, devised in line with Government guidance and our Health and Safety advisors, adapted for our contexts and updated regularly.

Fundraising

The Directors operate effective control over the Trust's fundraising by:

- acting in the best interests of the Trust
- managing individual academy resources responsibly, which includes protecting and safeguarding its assets
- acting with reasonable care and skill

The Trust manages all of its own fundraising. This is used:

- to provide additional resources for the pupils, which might not otherwise be available.
- to support charitable causes linked to the school e.g., Cancer related charities, Children in Need, etc.

The means used to fundraise are kept within school populations and include raising funds through pupils taking part in school-led sponsored events such as families and friends contributing to events such as cake sales, Christmas fayres and non-uniform days. Where possible, the Trust use this as an opportunity to develop social awareness and a responsibility for "giving". All pupils take part in these activities, but we are aware that some are vulnerable and therefore there is no obligation to contribute financially. In 2019-20, due to the partial closures of schools and the Covid-19 restrictions, fundraising has been necessarily reduced.

The management of fundraising is responsible, with all monies banked and accounted for. Where possible, a receipt from the Charity is always requested. The Complaints and Whistleblowing policies would ensure all complaints and concerns are dealt with appropriately.

Plans for future periods

The Trust is now further developing its growth strategy and due diligence process to support its growth as a Trust.

The Trust is also developing the Central team and the management systems in place to further develop management of risk.

NORTHERN LIGHTS LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Trust development plan focuses on the following main priorities in 2020-2021:

- To invest in our curriculum to ensure that all gaps in learning are closed and all pupils receive the support that they require to make progress
- To invest in our IT strategy to ensure that we provide our pupils with the best education, regardless of isolation with a focus on pedagogy, curriculum and IT systems
- To invest in our staff and systems to enable the Trust to run smoothly and flexibly in the current context
- To invest in our own growth and capacity as a Trust
- To review shared procurement opportunities to ensure best value for money and opportunities for economies of scale
- To systemise compliance procedures and policies to ensure clarity and manageability
- To further develop opportunities to support other schools, including through sponsorship

The school improvement plans are underpinned by the Trust development priorities and are adapted to ensure specific focus in the individual schools on the appropriate priorities. All resources are then matched to the needs of the individual schools and the Trust ensures clear oversight.

Funds held as custodian trustee on behalf of others

The Trust and its Directors do not act as the Custodian Directors of any other charity organisation.

Auditor

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- the Directors 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 directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 10 December 2020 and signed on its behalf by:



M Stouph
Chair of Trustees

NORTHERN LIGHTS LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The board of directors has delegated the day-to-day responsibility for Northern Lights Learning Trust, to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between Northern Lights Learning Trust, its academies and the Secretary of State for Education. The CEO is also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 7 times during 2019-20. Attendance during the period at meetings of the Board of Directors was as follows:

Directors	Meetings attended	Out of possible
M Stouph (Chair of Trustees)	7	7
P R Clark	3	7
P N Farquhar (Chair of Finance)	7	7
C Inkster	7	7
P N Olsen	7	7
J Heaton (Accounting Officer, CEO)	7	7
S Lymer (Appointed 17 October 2019)	5	6
K Hammond (Appointed 3 December 2019)	5	6

A 5-year strategic plan for the Northern Lights Learning Trust is in place. This is reviewed annually with a clear focus on growing the Trust, strengthening governance and ensuring there are appropriate systems and procedures to sustain measured growth.

The directors are committed to measured growth and strengthening the leadership within Northern Lights Learning Trust in order to grow effectively. A clear growth strategy is in process and the Directors understand the range of options available to them.

The Finance, Audit and Resource Management committee is a sub-committee of the main board of directors. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure outstanding sustainable provision.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
M Stouph (Chair of Trustees)	3	3
P N Farquhar (Chair of Finance)	3	3
J Heaton (Accounting Officer, CEO)	3	3
S Lymer (Appointed 17 October 2019)	2	3
K Hammond (Appointed 3 December 2019)	3	3

NORTHERN LIGHTS LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

During 2019-20, the structure of the Local Governing Bodies has been reviewed. The finance and general purposes committee has been absorbed as a responsibility of the full LGB. This reflects the scheme of delegation around financial decision making and ensures the Local Governing Bodies can focus on their key areas of responsibility in the Scheme of Delegation. The Raising Achievement subcommittee is established with membership on the committee being determined by skills of local governors as well as recruitment of new governors with the required skills.

The Finance, Audit and Resource Management committee fulfils the function of an audit committee to review the risks to internal financial control, agree a programme of work that will address any such risks and ensure work is undertaken to inform the statement of internal control in order to provide assurance to the external auditors. Following internal assurance audits, the directors reviewed a minority of low-risk findings. In 2020-21, this committee will be referred to as the Finance, Audit and Risk Management committee.

Review of value for money

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

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

- Restructuring administration positions in year to ensure roles and responsibilities are clear with savings made on salaries following new roles and responsibilities.
- Restructuring wraparound care staff structures following a resignation to achieve savings and provide consistency to children in school across the day.
- Continuing the contract for sports coaching under SLA saving on lunchtime supervisory costs, whilst developing healthy physical activity, reducing incidents of poor behaviour.
- Due to Covid-19, procedures were introduced to allow staff to work from home, this has continued when possible following the wider opening of schools to maximise working hours and minimise staff absence.
- Investment in IT to ensure staff can continue to deliver outstanding education remotely.
- Continual review of SLAs to negotiate savings and to streamline contracts across the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Northern Lights Learning Trust for the period 1st September 2019 to 31st August 2020, and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that have been in place for the period 1st September 2019 to 31st August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

NORTHERN LIGHTS LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports
- regular reviews by the Finance, Audit and Resource Management committee of reports which indicate financial performance against the 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
- identification and management of risks

The Board of Directors has considered the need for a specific internal audit function and has decided:

- Not to employ an internal auditor. However, the directors have appointed Azets Audit Services as external auditor to perform additional checks throughout the year in accordance with a schedule of internal audit.

The external auditor's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems, including additional internal checks as part of internal scrutiny. In particular, the checks carried out in the current period included:

- testing risks from previous reports
- testing of accounts and reconciliations systems
- testing of risk management processes
- testing of purchasing systems
- testing of payroll systems
- testing of corporate governance
- testing of income recording systems
- testing of control of the trust bank accounts

On a termly basis (due to Covid-19 restrictions in 2019-20 this was on a bi-annual basis) the auditor reports to the Board of Directors, through the Finance, Audit and Resource Management committee, on the operation of systems of control and on the discharge of the Board of Directors' financial responsibilities and annually prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider and assess year on year progress.

The directors confirm that Azets Audit Services have delivered the schedule of internal audit work as planned and that there have been no material control issues reported from any internal assurance work during the year. Following the completion of the financial statements for the year ending 31st August 2020, and in line with the Financial Reporting Council's revised Ethical Standard, the firm providing external audit services will no longer be the same firm providing the Trust with internal audit services.

Review of effectiveness

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

- the work of Azets Audit Services (via internal assurance reports)
- the work of the external auditor – Azets Audit Services
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

NORTHERN LIGHTS LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Finance, Audit and Resource Management committee, and a plan to address weaknesses and ensure continuous improvement of the system, is in place for any ideas identified.

Approved by order of the board of directors on 10 December 2020 and signed on its behalf by:



M Stouph
Chair of Trustees



J Heaton
Accounting Officer, CEO

NORTHERN LIGHTS LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

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

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

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



J Heaton
Accounting Officer

10 December 2020

NORTHERN LIGHTS LEARNING TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The directors (who also act as trustees for Northern Lights Learning Trust) are responsible for preparing the directors' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law, the directors must not approve the accounts 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 accounts, the directors are required to:

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

The directors 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 accounts 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 directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of directors on 10 December 2020 and signed on its behalf by:



M Stouph
Chair of Trustees

NORTHERN LIGHTS LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN LIGHTS LEARNING TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Northern Lights Learning Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

NORTHERN LIGHTS LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN LIGHTS LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, including the incorporated strategic report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

NORTHERN LIGHTS LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN LIGHTS LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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

Azets Audit Services

Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

22/12/2020

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

NORTHERN LIGHTS LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 18 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern Lights Learning Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Northern Lights Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Northern Lights Learning Trust's funding agreement with the Secretary of State for Education dated 23 January 2012 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

NORTHERN LIGHTS LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

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

Azet Audit Services

Reporting Accountant

Azets Audit Services

Dated: 22/12/2020

NORTHERN LIGHTS LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and capital grants	3	4,880	-	20,241	25,121
Donations - transfer from local authority on conversion		-	-	-	1,591,210
Charitable activities:					
- Funding for educational operations	4	90,816	2,353,605	-	2,444,421
Other trading activities	5	96,991	-	-	96,991
Investments	6	474	-	-	474
Total		193,161	2,353,605	20,241	2,567,007
Expenditure on:					
Raising funds	7	84,765	72	-	84,837
Charitable activities:					
- Educational operations	9	73,665	2,478,045	78,136	2,629,846
Total	7	158,430	2,478,117	78,136	2,714,683
Net income/(expenditure)		34,731	(124,512)	(57,895)	(147,676)
Transfers between funds	17	-	(26,850)	26,850	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(437,000)	-	(437,000)
Net movement in funds		34,731	(588,362)	(31,045)	(584,676)
Reconciliation of funds					
Total funds brought forward		286,226	(422,471)	1,771,860	1,635,615
Total funds carried forward		320,957	(1,010,833)	1,740,815	1,050,939

NORTHERN LIGHTS LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2019 £
Income and endowments from:					
Donations and capital grants	3	6,809	-	40,662	47,471
Donations - transfer from local authority on conversion		221,710	(76,000)	1,445,500	1,591,210
Charitable activities:					
- Funding for educational operations	4	115,938	2,033,643	-	2,149,581
Other trading activities	5	115,800	-	-	115,800
Investments	6	211	-	-	211
Total		460,468	1,957,643	1,486,162	3,904,273
Expenditure on:					
Raising funds	7	179,277	-	-	179,277
Charitable activities:					
- Educational operations	9	53,326	2,111,561	74,885	2,239,772
Total	7	232,603	2,111,561	74,885	2,419,049
Net income/(expenditure)		227,865	(153,918)	1,411,277	1,485,224
Transfers between funds	17	(5,034)	(14,470)	19,504	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(278,000)	-	(278,000)
Net movement in funds		222,831	(446,388)	1,430,781	1,207,224
Reconciliation of funds					
Total funds brought forward		63,395	23,917	341,079	428,391
Total funds carried forward		286,226	(422,471)	1,771,860	1,635,615

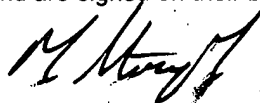
NORTHERN LIGHTS LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	13	1,738,967	1,767,573
Current assets			
Debtors	14	88,457	126,187
Cash at bank and in hand		637,384	543,181
		<u>725,841</u>	<u>669,368</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(265,869)	(235,326)
Net current assets		<u>459,972</u>	<u>434,042</u>
Net assets excluding pension liability		<u>2,198,939</u>	<u>2,201,615</u>
Defined benefit pension scheme liability	19	(1,148,000)	(566,000)
Total net assets		<u>1,050,939</u>	<u>1,635,615</u>
Funds of the academy trust:			
Restricted funds	17		
- Fixed asset funds		1,740,815	1,771,860
- Restricted income funds		137,167	143,529
- Pension reserve		(1,148,000)	(566,000)
Total restricted funds		<u>729,982</u>	<u>1,349,389</u>
Unrestricted income funds	17	<u>320,957</u>	<u>286,226</u>
Total funds		<u>1,050,939</u>	<u>1,635,615</u>

The accounts on pages 24 to 49 were approved by the directors and authorised for issue on 10 December 2020 and are signed on their behalf by:



M Stouph
Chair of Trustees

Company Number 07909140

NORTHERN LIGHTS LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20	123,018		105,471	
Cash funds transferred on conversion		-		221,710	
		<u>123,018</u>		<u>327,181</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		474		211	
Capital grants from DfE Group		20,241		40,662	
Purchase of tangible fixed assets		<u>(49,530)</u>		<u>(55,879)</u>	
Net cash used in investing activities		<u>(28,815)</u>		<u>(15,006)</u>	
Net increase in cash and cash equivalents in the reporting period		94,203		312,175	
Cash and cash equivalents at beginning of the year		<u>543,181</u>		<u>231,006</u>	
Cash and cash equivalents at end of the year		<u><u>637,384</u></u>		<u><u>543,181</u></u>	
Relating to:					
Bank and cash balances		637,384		542,872	
Short term deposits		-		309	
		<u><u>637,384</u></u>		<u><u>542,872</u></u>	

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

The reported share of the LGPS deficit has a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

1.3 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

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.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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 the 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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:

Leasehold land and buildings	125 years straight line
Leasehold buildings improvements	2.5% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	12.5% - 20% straight line

The academy trust company occupies land (including buildings) which are owned by the Durham Diocesan Board of Finance (the DDBF) as Site Trustees. The DDBF also sit as a Member on the academy trust company. The academy trust company occupies the land (and buildings) under a mere licence called a church supplemental agreement. The parties to this agreement are the Secretary of State for Education, the DDBF, the academy trust and the Durham Diocesan Board of Education (the DDBE). The DDBE is a party as it is the 'appropriate Diocesan Authority (for the purposes of the Education Acts) for the academy trust, as it was previously when the academy trust was a maintained voluntary aided school. This continuing permission of the DDBF to occupy the land is pursuant to, and subject to, the DDBE's charitable objects, and is part of the Church of England's contribution to provide State funded education in partnership with the State. The church supplemental agreement delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company. Additions to land and buildings funded by the academy trust have been capitalised at cost.

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Because the use of the land is made available to the academy trust under a Supplemental Agreement, the academy has been donated the right to use the buildings and under accounting standards a donation and expense representing the use of the facilities should be reflected in the financial statements. The trustees are of the opinion that obtaining a reliable estimate of this value would be onerous and the expense of obtaining such a valuation would outweigh any benefits derived. Therefore no such adjustment has been reflected in these financial statements.

The academy trust also occupies land and buildings on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation has been disclosed within the fixed assets note.

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

1.6 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.

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.10 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 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 directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Department for Education where the asset acquired or created is held for a specific purpose.

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

2 Critical accounting estimates and areas of judgement

Accounting 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.

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. Following developments in employment tribunals and other public service schemes, and subsequently the consultation on the proposed remedy for the LGPS on 16 July 2020, actuaries have assumed a remedy that an underpin would apply to all those in the scheme on 1 April 2012, will not apply on withdrawal and will apply to spouse's pensions. These assumptions have been reflected in the valuation, with the overall impact dependent on the profile of each employer.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. Allowance has been made in the valuation for members whose state pension age is on or after 6 April 2016.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	20,241	20,241	40,662
Other donations	4,880	-	4,880	6,809
	<u>4,880</u>	<u>20,241</u>	<u>25,121</u>	<u>47,471</u>

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,778,974	1,778,974	1,632,330
Other DfE group grants	-	272,910	272,910	164,007
	-	2,051,884	2,051,884	1,796,337
Other government grants				
Local authority grants	-	295,108	295,108	213,253
Other funding				
Catering income	34,931	-	34,931	44,923
Other incoming resources	55,885	6,613	62,498	95,068
	90,816	6,613	97,429	139,991
Total funding	90,816	2,353,605	2,444,421	2,149,581

Other DfE group grants includes the following:

	2020 £	2019 £
Pupil Premium	63,930	69,834
Universal Free School Meals	66,862	48,869
PE Sports Grant	51,590	31,945
Teachers Pay Grant	22,335	13,359
Teachers Pension Grant	68,193	-
	272,910	164,007

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	5,089	-	5,089	-
Catering income	487	-	487	356
Music tuition	6,305	-	6,305	8,279
Educational trips	17,135	-	17,135	22,299
Other income	67,975	-	67,975	84,866
	96,991	-	96,991	115,800

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	474	-	474	211

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	48,187	-	36,650	84,837	179,277
Academy's educational operations					
- Direct costs	1,525,747	-	146,943	1,672,690	1,211,225
- Allocated support costs	427,572	311,132	218,452	957,156	1,028,547
	2,001,506	311,132	402,045	2,714,683	2,419,049

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	9,000	8,000
- Other services	6,100	6,400
Operating lease rentals	14,293	10,645
Depreciation of tangible fixed assets	78,136	74,885
Net interest on defined benefit pension liability	10,000	5,000

8 Central services

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

- HR advice and tribunal insurance
- payroll
- finance (accounting/audit services, budgeting software)
- MAT governance
- safeguarding
- health and safety
- trust website hosting
- DPO SLA
- ICO registration
- CEO performance management
- school improvement

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

- flat percentage of GAG income 6%

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Central services

(Continued)

The amounts charged during the year were as follows:

	2020 £	2019 £
Hart Community Primary School	28,544	22,513
St Peter's Elwick C of E School	26,466	23,454
Benedict Biscop C of E Academy	51,241	42,956
	<u>106,251</u>	<u>88,923</u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	27,263	1,645,427	1,672,690	1,211,225
Support costs				
Educational operations	46,402	910,754	957,156	1,028,547
	<u>73,665</u>	<u>2,556,181</u>	<u>2,629,846</u>	<u>2,239,772</u>

	2020 £	2019 £
Analysis of support costs		
Support staff costs	427,572	573,058
Depreciation	78,136	74,885
Technology costs	10,340	-
Premises costs	232,996	155,513
Legal costs	2,009	18,567
Other support costs	183,034	180,798
Governance costs	23,069	25,726
	<u>957,156</u>	<u>1,028,547</u>

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	1,445,725	1,296,402
Social security costs	125,999	114,073
Pension costs	427,614	310,448
Staff costs - employees	1,999,338	1,720,923
Agency staff costs	2,168	1,598
	2,001,506	1,722,521
Staff development and other staff costs	15,607	41,965
Total staff expenditure	2,017,113	1,764,486

Staff numbers

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

	2020 Number	2019 Number
Teachers	19	40
Administration and support	35	11
Management	8	7
	62	58

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £493,773 (2019: £517,144).

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

11 Directors' remuneration and expenses

One or more of the directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff directors 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 services as directors.

The value of directors' remuneration and other benefits was as follows:

P Thompson (CEO) (Resigned 22nd April 2019)

Remuneration	£nil (2019: £60,001 - £65,000)
Employer's pension contributions	£nil (2019: £10,001 - £15,000)

J Heaton (CEO) (Appointed 23rd April 2019)

Remuneration	£70,001 - £75,000 (2019: £25,001 - £30,000)
Employer's pension contributions	£15,000 - £20,000 (2019: £1 - £5,000)

During the year, trustees were reimbursed £210 (2019: £120) in travel expenses. No other expenses were reimbursed to trustees.

Other related party transactions involving the directors are set out within the related parties note.

12 Insurance for directors and officers

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 directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme.

13 Tangible fixed assets

	Leasehold land and buildings £	Leasehold buildings improvements £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost					
At 1 September 2019	1,445,500	285,754	146,257	373,836	2,251,347
Additions	-	2,057	47,473	-	49,530
At 31 August 2020	1,445,500	287,811	193,730	373,836	2,300,877
Depreciation					
At 1 September 2019	25,376	24,198	122,080	312,120	483,774
Charge for the year	33,834	8,552	12,089	23,661	78,136
At 31 August 2020	59,210	32,750	134,169	335,781	561,910
Net book value					
At 31 August 2020	1,386,290	255,061	59,561	38,055	1,738,967
At 31 August 2019	1,420,124	261,556	24,177	61,716	1,767,573

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

14 Debtors

	2020 £	2019 £
Trade debtors	1,903	32,596
VAT recoverable	23,116	38,635
Prepayments and accrued income	63,438	54,956
	<u>88,457</u>	<u>126,187</u>

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	69,532	73,652
Other taxation and social security	30,165	27,795
Other creditors	81,539	50,570
Accruals and deferred income	84,633	83,309
	<u>265,869</u>	<u>235,326</u>

16 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	<u>39,674</u>	<u>50,226</u>
Deferred income at 1 September 2019	50,226	26,620
Released from previous years	(50,226)	(26,620)
Resources deferred in the year	<u>39,674</u>	<u>50,226</u>
Deferred income at 31 August 2020	<u>39,674</u>	<u>50,226</u>

At the year end the academy was holding Universal Infant Free School Meals and rates relief grants relating to the next academic year.

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	143,529	1,778,974	(1,786,091)	(26,850)	109,562
Other DfE / ESFA grants	-	272,910	(261,258)	-	11,652
Other government grants	-	295,108	(279,256)	-	15,852
Other restricted funds	-	6,613	(6,512)	-	101
Pension reserve	(566,000)	-	(145,000)	(437,000)	(1,148,000)
	<u>(422,471)</u>	<u>2,353,605</u>	<u>(2,478,117)</u>	<u>(463,850)</u>	<u>(1,010,833)</u>
Restricted fixed asset funds					
Inherited on conversion	1,420,937	-	(33,834)	-	1,387,103
DfE group capital grants	78,470	20,241	(10,694)	(2,898)	85,119
Capital expenditure from GAG	272,453	-	(33,608)	29,748	268,593
	<u>1,771,860</u>	<u>20,241</u>	<u>(78,136)</u>	<u>26,850</u>	<u>1,740,815</u>
Total restricted funds	<u>1,349,389</u>	<u>2,373,846</u>	<u>(2,556,253)</u>	<u>(437,000)</u>	<u>729,982</u>
Unrestricted funds					
General funds	<u>286,226</u>	<u>193,161</u>	<u>(158,430)</u>	<u>-</u>	<u>320,957</u>
Total funds	<u>1,635,615</u>	<u>2,567,007</u>	<u>(2,714,683)</u>	<u>(437,000)</u>	<u>1,050,939</u>

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

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

Other DfE grants includes universal infant free school meals funding, PE and Sports Grant, Pupil Premium, Teachers Pay and Teachers Pension grants.

Other government grants includes SEN funding, Early Years Grants, Music Income and other grants received from the Local Authority.

Other restricted funds include Breakfast and After School Clubs Funding.

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

DfE/ESFA capital grants represent Devolved Formula Capital receivable during the period which has been utilised on building developments.

The inherited fixed asset fund reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Capital expenditure has also been funded by GAG, other restricted funds and unrestricted funds. Transfers between these funds are reflected in the gains, losses and transfers column.

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

The academy's unrestricted and general restricted funds, excluding pension fund, were £458,124 as at 31 August 2020.

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	89,038	1,632,330	(1,563,369)	(14,470)	143,529
Start up grants	33,879	-	(33,879)	-	-
Other DfE / ESFA grants	-	164,007	(164,007)	-	-
Other government grants	-	213,253	(213,253)	-	-
Other restricted funds	-	24,053	(24,053)	-	-
Pension reserve	(99,000)	(76,000)	(113,000)	(278,000)	(566,000)
	<u>23,917</u>	<u>1,957,643</u>	<u>(2,111,561)</u>	<u>(292,470)</u>	<u>(422,471)</u>
Restricted fixed asset funds					
Transfer on conversion	17,285	1,445,500	(41,848)	-	1,420,937
DfE group capital grants	40,897	40,662	(3,089)	-	78,470
Capital expenditure from GAG	282,897	-	(29,948)	19,504	272,453
	<u>341,079</u>	<u>1,486,162</u>	<u>(74,885)</u>	<u>19,504</u>	<u>1,771,860</u>
Total restricted funds	<u>364,996</u>	<u>3,443,805</u>	<u>(2,186,446)</u>	<u>(272,966)</u>	<u>1,349,389</u>
Unrestricted funds					
General funds	<u>63,395</u>	<u>460,468</u>	<u>(232,603)</u>	<u>(5,034)</u>	<u>286,226</u>
Total funds	<u>428,391</u>	<u>3,904,273</u>	<u>(2,419,049)</u>	<u>(278,000)</u>	<u>1,635,615</u>

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
Hart Community Primary School	120,004	125,530
St Peter's Elwick C of E School	102,939	105,013
Benedict Biscop C of E Academy	226,147	193,148
Central services	9,034	6,064
Total before fixed assets fund and pension reserve	<u>458,124</u>	<u>429,755</u>
Restricted fixed asset fund	1,740,815	1,771,860
Pension reserve	(1,148,000)	(566,000)
Total funds	<u>1,050,939</u>	<u>1,635,615</u>

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Hart Community Primary School	407,058	61,950	27,216	119,078	615,302	487,772
St Peter's Elwick C of E School	377,538	56,280	28,578	107,470	569,866	434,102
Benedict Biscop C of E Academy	759,135	123,345	73,176	228,335	1,183,991	1,193,039
Central services	30,203	50,997	2,366	38,822	122,388	116,251
	<u>1,573,934</u>	<u>292,572</u>	<u>131,336</u>	<u>493,705</u>	<u>2,491,547</u>	<u>2,231,164</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	1,738,967	1,738,967
Current assets	320,957	403,036	1,848	725,841
Creditors falling due within one year	-	(265,869)	-	(265,869)
Defined benefit pension liability	-	(1,148,000)	-	(1,148,000)
Total net assets	<u>320,957</u>	<u>(1,010,833)</u>	<u>1,740,815</u>	<u>1,050,939</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	1,767,573	1,767,573
Current assets	286,226	378,855	4,287	669,368
Creditors falling due within one year	-	(235,326)	-	(235,326)
Defined benefit pension liability	-	(566,000)	-	(566,000)
Total net assets	<u>286,226</u>	<u>(422,471)</u>	<u>1,771,860</u>	<u>1,635,615</u>

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 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 Tyne and Wear and Teesside Pension Funds. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £35,080 (2019: £27,113) were payable to the schemes at 31 August 2020 and included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £212,877 (2019: £174,548).

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

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13 - 17.5% for employers and 5.5 - 12.5% for employees.

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

Total contributions made	2020 £	2019 £
Employer's contributions	76,000	62,000
Employees' contributions	29,000	26,000
Total contributions	105,000	88,000

Principal actuarial assumptions	2020 %	2019 %	2020 %	2019 %
	Teesside	Teesside	Tyne & Wear	Tyne & Wear
Rate of increase in salaries	3.2	3.0	3.7	3.5
Rate of increase for pensions in payment/ inflation	2.2	2.0	2.2	2.0
Discount rate for scheme liabilities	1.7	1.9	1.7	1.9
Inflation assumption (CPI)	2.2	2.0	2.2	2.0

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

	2020 Years	2019 Years	2020 Years	2019 Years
	Teesside	Teesside	Tyne & Wear	Tyne & Wear
Retiring today				
- Males	21.8	21.9	21.8	21.9
- Females	23.5	23.8	25.0	25.1
Retiring in 20 years				
- Males	23.2	23.6	23.5	23.6
- Females	25.3	25.7	26.8	26.9

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
	£	£
Discount rate + 0.1%	2,490,000	1,996,000
Discount rate - 0.1%	2,651,000	2,108,000
Mortality assumption + 1 year	2,478,000	1,983,000
Mortality assumption - 1 year	2,661,000	2,120,000
CPI rate + 0.1%	2,638,000	2,086,000
CPI rate - 0.1%	2,503,000	2,016,000

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

	2020	2019
	Fair value	Fair value
	£	£
Equities	870,035	1,039,710
Government bonds	22,392	35,670
Corporate bonds	213,657	99,180
Cash	74,335	96,375
Property	124,876	126,480
Other assets	115,705	87,585
Total market value of assets	1,421,000	1,485,000

The actual return on scheme assets was £(160,000) (2019: £93,000).

Amount recognised in the Statement of Financial Activities

	2020	2019
	£	£
Current service cost	211,000	119,000
Past service cost	-	51,000
Interest income	(29,000)	(35,000)
Interest cost	39,000	40,000
Total operating charge	221,000	175,000

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2020 £	2019 £
At 1 September 2019	2,051,000	888,000
Obligations acquired on conversion	-	609,000
Current service cost	211,000	119,000
Interest cost	39,000	40,000
Employee contributions	29,000	26,000
Actuarial loss	248,000	336,000
Benefits paid	(9,000)	(18,000)
Past service cost	-	51,000
At 31 August 2020	2,569,000	2,051,000

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

	2020 £	2019 £
At 1 September 2019	1,485,000	789,000
Assets acquired on conversion	-	533,000
Interest income	29,000	35,000
Actuarial loss/(gain)	(189,000)	58,000
Employer contributions	76,000	62,000
Employee contributions	29,000	26,000
Benefits paid	(9,000)	(18,000)
At 31 August 2020	1,421,000	1,485,000

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

	2020 £	2019 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(147,676)	1,485,224
Adjusted for:		
Net surplus on conversion to academy	-	(1,591,210)
Capital grants from DfE and other capital income	(20,241)	(40,662)
Investment income receivable	(474)	(211)
Defined benefit pension costs less contributions payable	135,000	108,000
Defined benefit pension scheme finance cost	10,000	5,000
Depreciation of tangible fixed assets	78,136	74,885
Decrease/(increase) in debtors	37,730	(58,958)
Increase in creditors	30,543	123,403
Net cash provided by operating activities	123,018	105,471

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	542,872	94,512	637,384
Cash equivalents	309	(309)	-
	<u> </u>	<u> </u>	<u> </u>

22 Commitments under operating leases

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

	2020 £	2019 £
Amounts due within one year	9,090	10,036
Amounts due in two and five years	-	7,433
	<u> </u>	<u> </u>
	<u>9,090</u>	<u>17,469</u>

NORTHERN LIGHTS LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2020**

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Jacksons Law – a company in which P Clark is a partner:

- The academy trust purchased HR and employment advice from Jacksons law totalling £5,568 (2019: £3,950) during the period. The amount outstanding at 31 August 2020 was £nil (2019: £790)
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Clark neither participated in, nor influenced
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019
- The element above £2,500 has been provided 'at no more than cost' and Jacksons Law has provided a statement of assurance confirming this

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

The academy trust company occupies land (including buildings) which are owned by the Durham Diocesan Board of Finance (the DDBF) as Site Trustees. The DDBF also sit as a Member on the academy trust company. The academy trust company occupies the land (and buildings) under a mere licence called a church supplemental agreement. The parties to this agreement are the Secretary of State for Education, the DDBF, the academy trust and the Durham Diocesan Board of Education (the DDBE). The DDBE is a party as it is the 'appropriate Diocesan Authority' (for the purposes of the Education Acts) for the academy trust, as it was previously when the academy trust was a maintained voluntary aided school. This continuing permission of the DDBF to occupy the land is pursuant to, and subject to, the DDBE's charitable objects, and is part of the Church of England's contribution to provide State funded education in partnership with the State. The church supplemental agreement delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

24 Members' liability

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