

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 2018**



# NORTHERN LIGHTS LEARNING TRUST

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# NORTHERN LIGHTS LEARNING TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Rev. S Bain  
R Thorndyke  
Rev. D Tolhurst (until 31 December 2017)  
P Blackburn  
V Hedley (until 12 December 2017)  
B Hart (appointed 29 January 2018)

### Directors

M Stouph (Chair)  
P Thompson (Accounting Officer, CEO)  
Rev. D Tolhurst (until 8 March 2018)  
J Murray  
P Procter (resigned 26 September 2018)  
S Skipsey (appointed 20 September 2017 and resigned 3 April 2018)  
P Farquhar (appointed 17 April 2018)  
P Clark (appointed 31 January 2018)  
C Inkster (appointed 1 March 2018)  
D Smith (appointed 10 January 2018)  
P Olsen (appointed 26 January 2018)

### Benedict Biscop CE Local Governing Body (LGB)

Rev. D Tolhurst (Chair)  
M Stouph (until 1 February 2018)  
J Murray (until 1 July 2018)  
S Armstrong (Ex Officio Headteacher appointed 1 September 2017)  
J Logan (parent elected)  
Rev. S Thorp  
Councillor C Marshall  
H Anderson (parent elected)  
G Clark (staff elected)  
G Petrie  
L Norton (staff elected)  
G Arundel (appointed 22 February 2018)

### Senior management team

|                                 |  |
|---------------------------------|--|
| - CEO/Executive Headteacher     | P Thompson   |
| - Headteacher                   | S Armstrong  |
| - Assistant Headteacher         | G Clark  |
| - Assistant Headteacher         | R Hunt   |
| - Chief Financial Officer (CFO) | H Swinhoe (maternity absence 22 April 2018, to return 3 December 2018) |

### Company secretary

C Henderson

### Company registration number

07909140 (England and Wales)

# NORTHERN LIGHTS LEARNING TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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|                            |  |
|----------------------------|--|
| <b>Registered office</b>   | Marcross Drive<br>Moorside<br>Sunderland<br>Tyne & Wear<br>SR3 2RE                     |
| <b>Independent auditor</b> | Baldwins Audit Services<br>Wynyard Park House<br>Wynyard Avenue<br>Wynyard<br>TS22 5TB |
| <b>Bankers</b>             | Lloyds Bank Plc<br>25 Gresham Street<br>London<br>EC2V 7HN                             |
| <b>Solicitors</b>          | Muckle LLP<br>Time Central<br>32 Gallowgate<br>Newcastle upon Tyne<br>NE1 4BF          |

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2018***

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The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates a Church of England Academy for pupils aged 3-11 years, serving a community in South Sunderland, admitting pupils who are wholly or mainly drawn from the area in which the school is situated. The Academy provides education for pupils of different abilities. The Academy has a curriculum satisfying the requirements of Section 1: Academies Act 2010 (balanced and broad based curriculum). The Academy is at the heart of the community, promoting British values. Subsequent to the end of year accounting period, two schools [Hart Community Primary and St Peter's CE (VA) Elwick] joined Northern Lights Learning Trust, 1 November 2018.

The Academy has a pupil capacity of 210 with 30 pupils in nursery and had a roll of 266 in the school census on 18 January 2018.

#### **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 articles of association require the members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and management of the Academy.

The Directors for the charitable activities of Northern Lights Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Northern Lights Learning Trust. From 4 July 2016 the company formed a Multi Academy Trust (MAT) to be known as The Northern Lights Learning Trust, of whom Benedict Biscop CE Academy was the only academy at the end of the accounting period.

Details of the Directors who served throughout the period between 1st September 2017 and 31 August 2018, except as noted, 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

Every Trustee of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted by the court from liability for negligence default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2018***

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#### 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. During 2017-18 there has been a change in the Membership to ensure that the Community are represented.
- 9 Directors - 1 of whom is the CEO

During 2017-18, additional Directors, with business and finance experience, have been appointed following a skills audit. An additional Trustee with experience in school improvement has also been appointed to strengthen the Board.

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.

The Directors are responsible for appointing 9 members of the Local Governing Body of Benedict Biscop CE Academy, in discussion with the Chair of the Local Governing Body of Benedict Biscop CE Academy. The Directors are entitled to serve on the Local Governing Body.

Membership of the Local Governing Body of Benedict Biscop CE Academy is determined by the Directors, who appoint a Chair of the Local Governing Body of Benedict Biscop CE Academy.

The Headteacher is responsible for ensuring elections of 2 Parents (Articles 54-56) and 2 Staff members of the Local Governing Body of Benedict Biscop CE Academy, are held in accordance with procedures.

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

#### Policies and procedures adopted for the induction and training of directors

A formal policy for induction and training of Directors has been agreed. In addition, training is provided by South Tyneside Council through their training programme (which is open to all Directors). The following training has specifically taken place for some or all of our Directors:

Induction of newly appointed Directors provided by South Tyneside Local Authority

Financial responsibilities and accountability

Structure of MAT's

School Improvement and new reporting

Safeguarding

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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#### Organisational structure

The Trust's unified management structure has been reviewed during 2017-18 and consists of 3 levels:

- the Directors,
- the CEO and CFO,
- the Headteacher and Senior Leadership Team (SLT).

The Directors are responsible for determining general policy, adopting an annual School Improvement Plan following a self-evaluation review, monitoring the practices and procedures adopted by the Trust, determining strategic direction of the Trust, capital expenditure and senior staff appointments. They delegate the day to day operational management to the CEO and SLT who follow policies determined by and adopted by the Directors.

The SLT consists of the CEO, Headteacher and 2 Assistant Headteachers. They are supported by the Inclusion Manager and Foundation Stage Leader. The SLT lead and manage the Academy at an executive level, implementing the policies laid down by the Directors and reporting back to them. The CEO, Headteacher and Directors are responsible for the authorisation of spending within agreed budgets as stated in the Scheme of Delegation and Finance Handbook and the appointment of staff.

The Chief Financial Officer is responsible for the management of the financial systems, sourcing additional funds and ensuring efficient and effective use of resources. The Chief Financial Officer is responsible for the authorisation of spending up to agreed limits as stated in the Scheme of Delegation and Finance Handbook. The Chief Financial Officer was responsible for the management of all office managers and support staff; and the efficient operation of the school office at Benedict Biscop CE Academy during the year, whilst a new Office Manager was undertaking Induction.

The CEO is the Accounting Officer.

#### 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). 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

The Academy Trust does not have more than 49 full time employees throughout any 7 months of the reporting period.

#### Related parties and other connected charities and organisations

Directors have declared no business interests to date and where any directors should declare an interest, procedures are in place to address this. The Academy have adopted a policy that if there are any interests declared, the trustee would remove themselves from the decision making process.

Related parties are declared on the website. At Northern Lights Learning Trust, the related parties are the Diocese, the Deanery and the church community, with regular information sent to the Diocesan Director of Education.

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **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 different 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.

As noted above, in 2017-18, there was one academy within the Trust – Benedict Biscop CE Academy and this is where the Head Office of the Trust is situated.

Benedict Biscop Church of England Academy is non-selective and offers all pupils a broad curriculum. The pupils who attend live mainly in the Doxford Ward, City of Sunderland South. To assist academic achievement and to support parents returning to work or part time/ full time education, the Academy operates a breakfast club, after school care facilities and flexible, wrap around nursery provision. The Academy also offers its 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.

The academy organises various visits to develop learning beyond the classroom and there is a developing partnership with other countries.

#### Mission

The Academy will create a safe, stimulating and happy learning environment within which all members of our school family realise their potential, aspiring to excellence in all aspects of life, in the light of the Christian faith.

#### School Aims

- To promote Christian values within the school as exemplified by the life and teaching of Jesus Christ, so that everyone develops confidence in their own ability, with healthy self-esteem, working collaboratively, showing tolerance, commitment, responsibility, respect and care for everyone.
- To stimulate in each child a sense of curiosity and excitement about the world and to encourage him/her to search for truth, meaning and purpose in life and to provide an opportunity to search for a faith by which to live.
- To encourage each member of the school community to develop their full potential by promoting the highest standards of achievement in all areas, to enable pupils to grow and achieve fullness of life through discovering and developing their talents.
- To provide a broad and balanced curriculum which will develop lively enquiring minds to prepare each child to meet the challenges of the future with confidence.
- To provide a welcoming, stimulating learning environment in which the contributions of all members of the school community are valued and celebrated.
- To develop strong links and positive relationships with Directors, parents, the Church, local industry and local communities.

Our values are developed through the curriculum and made real in our daily lives.



# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 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 2017-18 were specifically as follows and are linked to the Academy Improvement Plan;

- Increase in % pupils making accelerated progress.
- Tracking procedures for English and Mathematics are effective and accurate with all pupils at least on line to meet FFT20/5 targets which is a focus for teacher planning and delivery.
- Improve attainment of reading, focusing on developing language and inference, improving ability to retrieve more complex information and use a wide range of reading strategies to answer more complex questions.
- Improve the teaching of reading through focused guided reading, focused intervention and daily reading.
- EMBED improving progress in Mathematics and Spelling ensuring at least in line with FFT5/20.
- Continue to develop improved ability to problem solve, focusing on improving mental mathematics and use of bar modelling to ensure pupils can solve multi step complex problems.
- Continue to develop spelling improvements with greater emphasis on application across all writing.
- Sustain the high quality of teaching in all year groups, with particular focus on NQTs, EYFS (reading) and KS1 and KS2 attainment and progress in reading with application of all key skills of grammar and spelling across writing.
- Ensure all learners apply their learning across the curriculum, deepening understanding through a mastery approach.
- Embed new curriculum, deepening understanding through a mastery approach ensuring this is the driver for the assessment
- Develop Science Curriculum across school, improving attainment, using a more practical approach. Ensure Science is a driver for EYFS provision and learning.
- Introduce OPAL curriculum across the school, developing links with Science and outdoor provision.
- Sustain systems and procedures with a priority on developing middle leaders (Maths, Assessment, NQT development) in absence of Headteacher and 1 assistant Head teacher.
- Develop Headteacher role on return from maternity absence.
- 1 staff member to complete NPQML, 1 staff member to commence NPQML.
- Achieve – International Award, RE Quality Mark, Children's Anti Bullying Charter mark

Some of these are longer term developments and have been rolled forward to embed during 2018-19.

#### 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.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Strategic report

#### Achievements and performance

The Academy Trust have been successful in achieving all aims set for 2017-18, including the achievement of Platinum Anti Bullying Charter Mark

**2017-18** The Academy has continued to attain high standards – well above national in all areas, demonstrating outstanding progress and attainment in all Key Stages.

**For the second year running, the academy is in the top 2% nationally for attainment overall, with subject attainment in Reading (top 4%), Writing (top 1%) and Mathematics (top 9%) (FFT 2018).**

Ofsted 2012 - Outstanding in all areas

Statutory Inspection Anglican and Methodist Schools 2017 - Outstanding in all areas

Teaching and Learning in all Key Stages outstanding (internal self-evaluation)

Platinum Investors in People – March 2017 (Trust nominated nationally for an external award)

RE Quality Mark

Platinum Anti-Bullying Charter Mark July 2018

Basic Skills 7 Award May 2017

Governor Mark 2016

Gold Arts Mark Award - September 2016

KidSafe February 2016

Early Years Basic Skills 2015

Rights Respecting Award March 2015

Full International Award – August 2014

RE Quality Mark Gold September 2017

#### Attainment and Progress-

#### EYFS

2018 assessments indicate that attainment overall is outstanding.

85% pupils 2018 (83% pupils 2017, 80% 2016, 85% 2015) pupils have attained a Good Level of Development (GLD).

On entry to Nursery pupils' attainment is either typical for their age with usually a third of all pupils below. Attainment at the end of Foundation Stage demonstrates that attainment overall is outstanding and progress on exit.

School data shows that attainment on entry to the Early years has fallen since the time of the previous inspection. Data now indicates that although there is a wide range of abilities on entry, skills and understanding are generally below those typical for their age in Communication and Language.

#### Phonics Screen 2018 results (Year 1)

| School | National   |
|--------|------------|
| 94%    | 81% (2017) |

Attainment in the Key Stage 1 (KS1) phonics screen is well above National standards; this is attributable to established phased phonics teaching (EYFS and KS1) and rigorous tracking against age related expectations and successful intervention programmes.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Key Stage 1**

At the end of KS1 attainment is consistently outstanding overall.

Standards are significantly above the National Average (2017) for pupils meeting the expected standard (+15% Reading, +23% in Writing, +16% in Mathematics,).

|             |        | % achieving<br>BELOW (NS) | % achieving<br>EXPECTED<br>(AS) | % achieving<br>Greater Depth<br>or reaching a<br>high score | Class<br>Average<br>Scaled Score |
|-------------|--------|---------------------------|---------------------------------|---|----------------------------------|
| Mathematics | School | 9%                        | 91%                             | 53%   |                                  |
| Reading     | School | 9%                        | 91%                             | 47%   |                                  |
| Writing     | School | 9%                        | 91%                             | 50%   | -                                |
| Science     | School | 9%                        | 91%                             | NOT<br>REPORTED   | -                                |
| GPS         | School | 10%                       | 91%                             | 47%   |                                  |

### **3 YEAR TREND 2016-18**

|      | Reached the<br>expected standard in<br>Reading | Reached the<br>expected standard in<br>Writing | Reached the<br>expected standard in<br>Mathematics | Reached the<br>expected standard in<br>GPS |
|------|--|--|--|--|
| 2016 | 91%  | 89%  | 97%  | 91%  |
| 2017 | 90%  | 90%  | 90%  | 90%  |
| 2018 | 91%  | 91%  | 91%  | 91%  |

2018 –Reading, Writing and Mathematics. 91% pupils achieved expected when combined.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Key Stage 2

At the end of KS2 attainment is consistently outstanding overall. Standards are significantly above the National Average for pupils meeting the expected standard (+22% Reading, +24% in Writing, +21% in Mathematics, +23% GPS) and the National floor targets of 65%.

Number of pupils meeting the expected standard in both English and Mathematics in 2018 is 94%. This is significantly above National (+32%).

|                                   |        | % achieving BELOW (NS) | % achieving EXPECTED (AS) | % achieving Greater Depth or reaching a high score | Class Average Scaled Score |
|-----------------------------------|--------|------------------------|---------------------------|--|----------------------------|
| Mathematics                       | School | 6%                     | 94%                       | 35%  | 108                        |
| Reading                           | School | 3%                     | 97%                       | 68%  | 112                        |
| Grammar, Punctuation and Spelling | School | 3%                     | 97%                       | 61%  | 111                        |
| Writing (teacher assessment)      | School | 0%                     | 100%                      | 65%  |                            |
| RWM                               | School | 6%                     | 94%                       | 23%  |                            |

#### 3 YEAR TREND (2016-18)

|      | Reached the expected standard in Reading | Reached the expected standard in Writing | Reached the expected standard in Mathematics | Reached the expected standard in GPS | Reached the expected standard in RWM |
|------|--|--|--|--------------------------------------|--------------------------------------|
| 2016 | 97%                                      | 100%                                     | 91%  | 89%                                  | 91%                                  |
| 2017 | 93%                                      | 100%                                     | 96%  | 100%                                 | 93%                                  |
| 2018 | 97%                                      | 100%                                     | 94%  | 97%                                  | 94%                                  |

In 2018, the expectations of National standard continued to increase. As a result National figures are only comparable to 2016+. However it is evident from the significantly high results in 2016 -2018 that standards at Benedict Biscop CE Academy have been further improved indicating a potential improving trend over three years in all subjects, in terms of attainment and progress.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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2018 Progress KS1 – KS2 is at least good, if not outstanding overall, as a result of challenge for more able pupils within KS2 and targeted intervention for pupils identified for achieving Greater Depth within the Y6 class.

School has been identified within the top 9% of schools nationally for progress, as identified by the following scaled scores, in Writing (5.7), Reading (5.6) and Mathematics (2.1) combined.

School has been identified within the top 5% of schools nationally for progress in Reading and Mathematics.

Attendance in 2018 was 96.6% (2017 97.3%, 2016 97.6%) and is consistently high. The % of pupils whose absence is 90% (new figure for persistent absence 2015) and below, is 2.6%. (6 pupils: attributable to illness and to unauthorised holidays).

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

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 EFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 30. Details of all grants and income received can be found in notes 3 to 6.

During the year ended 31 August 2018 expenditure amounting to £1,312,865 was incurred or accrued, including depreciation. This was offset by grants receivable from the ESFA, the Local Authority and income from the breakfast club, afterschool clubs and wrap around nursery education used to ensure this business is sustainable.

At 31 August 2018 the net book value of fixed assets was £341,079. The assets were used exclusively to provide education and associated services to the pupils of the Academy.

#### 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.

#### **Financial review**

The Academy made an operating surplus in the year ended 31 August 2018 of £23,963 on unrestricted funds and £36,716 on restricted general funds. Fund balances held at 31 August 2018 were £186,312, comprising restricted reserves of £122,917 and unrestricted reserves of £63,395. Some of the reserves will be earmarked for future building development at Benedict Biscop CE Academy.

Total income, excluding the donated assets, in the period was £1,334,004 of which £952,020 came from the ESFA revenue grants and £130,121 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, vacancies are filled and as the school is oversubscribed Directors are able to consider a longer term strategy. There were 2 successful appeals for the September 2018 intake.

An internal Risk Management review (March 2018) of all management and operational systems and procedures, both financial and non-financial, indicated minimal risks to the Trust.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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The Directors of the Academy Trust have reviewed and adopted the following policies relating to Finance and Governance during 2017-18:

- Anti-Corruption Policy
- Investment Policy
- Lettings Policy
- Charging Policy
- Freedom of Information Scheme
- Gifts and Hospitality
- Hospitality and Venue
- Overseas Gifts and Hospitality
- Pupil Premium Policy
- Trust Pay Policy
- Trust Scheme of Delegation
- Trust Governance and Structures including Articles of Association
- Academy Financial Handbook

#### 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 period's expenditure. The Directors will consider the School Improvement Plan for capital developments required. The Directors may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years. This is discussed annually.

The Academy are aiming to build up a reserve of about £70,000 over a 5 year period. This is approximately 1 month of staffing salary costs. We have a policy of replacing and improving the building for the benefit of the pupils currently within the Academy and consider this to be a reasonable amount. If the Trust expands, this figure will grow in proportion.

There are no funds materially in deficit.

No funds can only be realised by disposing of tangible fixed assets.

The amount of reserves shown is above the 5 year target of £50,000. This has been realised through prudent financial planning and is currently £186,312.

Reserves have been used to ensure that planned building work could be carried out to provide additional facilities for the school in relation to widening the curriculum (PE, personal development including wellbeing, cookery and music) and intervention/small group facilities. This also enables us to provide wraparound care facilities for more children to support working parents.

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2018***

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The amount of total funds at 31 August 2018 was £428,391.

The amount of restricted funds at 31 August 2018 were £122,917.

The amount of unrestricted funds at 31 August 2018 were £63,395.

The trust have reviewed the balance on restricted general funds (excluding pension reserve) plus the balance of unrestricted funds at 31 August 2018.

The total of restricted and unrestricted funds (excluding pension reserve) at 31 August 2018, was £186,312.

The reserves policy is reviewed annually.

#### Investment policy

There have been no investments during 2017-18. Any investments made will be invested in accordance with the investment policy.

The Trust has an approved Investment Policy and if the Trust is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis, taking ethical considerations into account and need 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 school's 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 at Benedict Biscop Church of England Academy 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 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/time period of the investment will not compromise the viability and sustainability of the activities of the school.

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)".

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2018***

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#### 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.

In February 2015, the Academy 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.

An external Risk Management review (March 2018) of all management and operational systems and procedures, both financial and non-financial, indicated minimal risks to the Trust.

During 2017-18, an internal Health and Safety audit indicated minimum risks and best practice, as did an Asbestos Management review, Fire Risk Assessment and Lightening Risk System.

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 (e.g. minibus procedure, external access to all classrooms, procedures to minimise risks to staff and pupils) and internal financial controls. The Directors are satisfied that systems are in place to mitigate exposure to major risks.

The Trust has worked closely with Baldwin's Accountants to ensure that our financial systems are robust. In order to maintain the professional status of the Chief Financial Officer role during a recent maternity absence, a promoted appointment has been successful and there has been minimal risk to the business during this period. As a result all practices and procedures have been reviewed to secure further efficiency and where there have been concerns immediate remedial action has been taken.

During 2017-18, succession planning at leadership level has been further secured. A middle leader has commenced NPQML and another leader has commenced NPQSL which is helping to ensure that outcomes for pupils remain outstanding. There was a significant number of maternity absences during 2017-18. This reduced the capacity of leadership significantly. However, the priority continued to be pupil achievement and this has been maintained through rigorous focus and monitoring.

During this accounting period a member of staff has continued to develop within the leadership team and was seconded to Durham SCITT, to develop Initial Teacher Training. Following a programme written and provided by ourselves, we have successfully trained 10 trainees, all securing employment by August 2018. 9 further Initial Teacher Trainees, commenced their training at Benedict Biscop CE Academy in September 2018.

During this accounting period the structural changes to governance have been developed to support the future growth of the Trust. This has included a planned restructure of the office team to appoint an Office Manager and a new Chief Finance Officer.

The Trust aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.



# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Fundraising**

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

- acting in the best interests of the Trust
- managing individual academies resources responsibly, which includes protecting and safeguarding its reputation
- 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, decided by the School Council.

The means used to fundraise are kept within school population and include raising funds through pupils taking part in school-led sponsored events; through families and friends contributing to events such as the Christmas Fayre. Where possible, the academy use this as an opportunity to develop social awareness and a responsibility for "giving". All pupils take part in activities but we are aware that some are vulnerable and therefore there is no obligation to contribute financially.

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

# **NORTHERN LIGHTS LEARNING TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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#### **Plans for future periods**

With the formation of a Multi Academy Trust, a priority during 2018-19, will be strategic business planning, growth, delivering strong leadership and governance as we expand further.

The School Improvement Plan for the Single Academy clearly states our objectives as being the maintenance of the highest standards of achievement of all pupils whilst ensuring the school moves forward within a rapidly changing world:

#### **Priority 1 OUTCOMES/ STANDARDS –**

- Maintain high standards across school in RWM.
- Raise standards of attainment in Mathematics for more able pupils, embedding a reasoning approach.
- Continue to accelerate progress in Reading and Spelling across school, to secure a greater % of pupils making accelerated progress, deepening understanding through a mastery approach.

#### **Priority 2 TEACHING and LEARNING –**

- Sustain the high quality of teaching in all year groups, with particular focus on NQTs.
- Improve KS2 attainment for more able in mathematics.
- Continue to embed reading application across the curriculum, further develop key skills of grammar and spelling across writing.
- Ensure all learners apply their learning across the curriculum, deepening understanding through a mastery approach.

#### **Priority 3 ASSESSMENT and CURRICULUM -**

- identify more effective in-year progress measures.
- Track progress against aspirational FFT5 targets for pupils in KS1 and 2, ensuring that pupils are on track to attain highly and secure at least good outcomes, acceleration to narrowing the gap for key groups identified and evident, with a focus on SEN in KS1 and pupil premium in KS2.
- Embed new curriculum, deepening understanding through a mastery approach ensuring this is the driver for the assessment.

#### **Priority 4 CURRICULUM -**

- Develop Science Curriculum across school, improving attainment, using a more practical approach. Ensure Science is a driver for EYFS provision and learning.
- Further develop OPAL curriculum across the school, developing links with Science and outdoor provision.
- Develop subject leadership, including longer term curriculum plans in all year groups.

#### **Priority 5 LEADERSHIP**

- Sustain systems and procedures with a priority on developing all levels of leadership – HT, AHT, middle leaders (Inclusion and Science,) 1 staff member to complete NPQSL, 1 staff member to complete NPQML.
- Achieve – International Award, Early Years Basic Skills Award, Well being award, Rights Respecting Level 2
- Develop strategies for improving mental well being of staff as develop new team identity.
- Ensure safeguarding recommendations and policies are embedded. Develop Community Participation

This will be achieved through a programme of continuing professional development during 2018-19. All performance management targets are linked to the achievement of the above. Sustain outstanding teaching, learning and assessment through monitoring, coaching and mentoring.

#### **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.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **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 Auditors, Baldwins, Audit Services, were appointed in July 2017, following a tender process

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 29 November 2018 and signed on its behalf by:



M Stouph  
Chair

# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### 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 agreement between Benedict Biscop Church of England Academy and the Secretary of State for Education February 2012, and the deed of variation of The Northern Lights Learning Trust and the Secretary of State for Education July 2016. They are 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 2017-18. Attendance during the period at meetings of the board of directors was as follows:

| Directors                              | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| M Stouph (Chair of Board)              | 7                 | 7               |
| P Thompson (CEO/Accounting officer)    | 7                 | 7               |
| Rev D Tolhurst (until 8 March 2018)    | 4                 | 4               |
| J Murray                               | 5                 | 7               |
| P Procter (resigned 26 September 2018) | 5                 | 7               |
| S Skipsey (resigned 3 April 2018)      | 3                 | 4               |
| P Clark (appointed 31 January 2018)    | 3                 | 3               |
| D Smith (appointed 10 January 2018)    | 2                 | 4               |
| C Inkster (appointed 1 March 2018)     | 2                 | 3               |
| P Olsen (appointed 26 January 2018)    | 2                 | 3               |
| P N Farquhar (appointed 17 April 2018) | 3                 | 3               |

Rigorous evaluation undertaken during the year 2017-18, following the conversion to a MAT, has resulted in the board of directors evaluating their own performance and impact across school, as identified by a skills audit. This has further resulted in the recruitment and appointment of new Directors, one of whom will assume the role of Chair of Finance, during 2018-19, having the appropriate skills. This will also enable the trust to ensure there is greater separation of duties.

A 5 year strategic plan for the Northern Lights Learning Trust is in place and commenced 2016-17. 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.

During 2017-18, consideration was given to extending Benedict Biscop CE Academy in line with new local housing developments; a free school and two other schools joining the Trust. The two schools joined the Trust on 1 November 2018.

The directors are committed to measured growth and strengthening the leadership within Northern Lights Learning Trust in order to grow effectively.

# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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The CEO completed the Ambitious School Leadership programme (2017) Executive Educators: Chief Executives, which is supporting the changes needed as the trust plans to grow.

An external review of governance was completed in October 2017 (DFE) with few recommendations. One of the directors is designated as a National Leader of Governance (NLG).

The directors adopted a new finance system, which is cloud based, during 2017-18, to ensure greater communication, increased confidentiality of materials and reports, streamlining of reports and greater efficiency. This has been rolled out across the levels of finance for Northern Lights Learning Trust and it is intended that any school joining would use the same shared programme. Plans to implement a new MIS system commenced November 2018.

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.

During 2017-18, a new finance system was implemented in September 2017. This has ensured greater efficiency, increased compatibility and greater transfer across the trust, as we grow.

Attendance at meetings in the year was as follows:

| Directors   | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| M Stouph (Chair)  | 6                 | 6               |
| P Thompson (Accounting Officer)                               | 6                 | 6               |
| Rev D Tolhurst  | 3                 | 6               |
| J Murray  | 4                 | 6               |
| P Proctor   | 3                 | 6               |
| G Petrie (appointed by Northern Lights Learning Trust LGB)    | 4                 | 5               |
| P Clark   | 2                 | 2               |
| P Farquhar  | 2                 | 2               |
| S Skipsey (appointed Chair of Finance, resigned 3 April 2018) | 2                 | 3               |

The level of delegation during 2017-18, to the Local Governing Body has grown, as roles within the Trust have become established and the governance at local level strengthened.

During 2018-19, it is planned that the trust will grow and the level of delegation, will once again be reviewed at this time, depending on the skills recruited at local governing body level.

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.

#### 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:

# **NORTHERN LIGHTS LEARNING TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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- Inducting new staff in office to ensure roles and responsibilities are clear with savings made on salaries following new roles and responsibilities, to provide interim support.
- Supporting new Headteacher before commencing maternity absence and Chief Finance Officer – absorbing rolls within the Executive Headteacher role and external accountants.
- Implementing savings to the academy from maternity absences, where one post was not replaced for part of the maternity absence and where a senior position was replaced by an internal member of staff taking on greater responsibility, resulting in savings on the budget during the year.
- Continuing the contract for Sports coach for 1 hour per day saving on lunchtime supervisory costs, whilst developing healthy physical activity, reducing incidents of poor behaviour.
- Introducing financial systems which are current and can be spread over schools joining the Trust, positively impacting on workload and quality.
- Reviewing all SLAs with schools joining the Trust to negotiate savings on conversion and over the initial two years.
- Review MIS systems and negotiated with provider to bring system in across three schools November 2018.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Northern Lights Learning Trust for the period of 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 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 2018***

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### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors
- regular reviews by the Finance, Personnel and Resource Management committee/Finance, Audit and Resource Management committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of directors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However, the directors have appointed Baldwins Audit Services as the external auditor to perform additional checks.

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

- testing 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 academy bank accounts
- testing of the management of data

On a termly 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.

The directors confirm that the external auditor has delivered the schedule of work as planned and that there have been no material control issues reported from any internal assurance work during the year.

# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### 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 Baldwins Audit Services (internal assurance reports)
- the work of the external auditor - Baldwins 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

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.

The board of directors evaluated their own effectiveness against the criteria referenced and have subsequently appointed two directors during the year with appropriate financial qualifications and experience, one of whom has been appointed as Chair of the Finance, Audit and Resource Management Committee Directors 2018-19.

The board of directors have ensured that during 2017-18, relevant professional training was undertaken in order to prepare them fully for development of the Academy Trust.

Approved by order of the board of directors on 29 November 2018 and signed on its behalf by:



M Stouph  
Chair



P Thompson  
Accounting Officer, CEO



# **NORTHERN LIGHTS LEARNING TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018**

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As accounting officer of Northern Lights Learning Trust I have considered my responsibility to notify the academy trust board of directors and the Education & 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 2017.

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 2017.

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.



P Thompson  
**Accounting Officer**

29 November 2018

# **NORTHERN LIGHTS LEARNING TRUST**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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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 Annual Accounts Direction issued by the Education & 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:

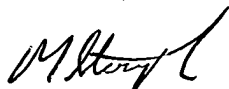
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the 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 29 November 2018 and signed on its behalf by:



M Stouph  
Chair

# NORTHERN LIGHTS LEARNING TRUST

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

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### Opinion

We have audited the accounts of Northern Lights Learning Trust for the year ended 31 August 2018 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 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 2018 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 2015 and the Academies Accounts Direction 2017 to 2018.

### 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 other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The directors are responsible for the other information. 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)**

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### **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 have 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.

# NORTHERN LIGHTS LEARNING TRUST

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

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### Auditor's responsibilities for the audit of the financial statements

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.

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.

*Baldwins*

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

*30/11/18*  
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**Statutory Auditor**

Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB

# **NORTHERN LIGHTS LEARNING TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2018***

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In accordance with the terms of our engagement letter dated 31 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 & SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Reporting Accountant**

Baldwins Audit Services

Dated: 29 November 2018

# NORTHERN LIGHTS LEARNING TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

|  | Notes | Unrestricted Funds<br>£ | Restricted funds:<br>General Fixed asset<br>£ £ |          | Total<br>2018<br>£ | Total<br>2017<br>£ |
|--|-------|-------------------------|---|----------|--------------------|--------------------|
| <b>Income and endowments from:</b>                 |       |                         |   |          |                    |                    |
| Donations and capital grants                       | 3     | 9,847                   | -   | 6,732    | 16,579             | 14,901             |
| Charitable activities:                             |       |                         |   |          |                    |                    |
| - Funding for educational operations               | 4     | 90,972                  | 1,155,029                                       | -        | 1,246,001          | 1,095,023          |
| Other trading activities                           | 5     | 71,307                  | -   | -        | 71,307             | 59,641             |
| Investments  | 6     | 117                     | -   | -        | 117                | 145                |
| <b>Total</b>                                       |       | 172,243                 | 1,155,029                                       | 6,732    | 1,334,004          | 1,169,710          |
| <b>Expenditure on:</b>                             |       |                         |   |          |                    |                    |
| Raising funds                                      | 7     | 101,148                 | -   | -        | 101,148            | 79,182             |
| Charitable activities:                             |       |                         |   |          |                    |                    |
| - Educational operations                           | 8     | 47,132                  | 1,118,313                                       | 46,272   | 1,211,717          | 1,149,593          |
| <b>Total</b>                                       | 7     | 148,280                 | 1,118,313                                       | 46,272   | 1,312,865          | 1,228,775          |
| <b>Net income/(expenditure)</b>                    |       | 23,963                  | 36,716  | (39,540) | 21,139             | (59,065)           |
| Transfers between funds                            | 16    | (22,529)                | (22,529)  | 45,058   | -                  | -                  |
| <b>Other recognised gains/(losses)</b>             |       |                         |   |          |                    |                    |
| Actuarial gains on defined benefit pension schemes | 18    | -                       | 76,000  | -        | 76,000             | 293,000            |
| <b>Net movement in funds</b>                       |       | 1,434                   | 90,187  | 5,518    | 97,139             | 233,935            |
| <b>Reconciliation of funds</b>                     |       |                         |   |          |                    |                    |
| Total funds brought forward                        |       | 61,961                  | (66,270)  | 335,561  | 331,252            | 97,317             |
| Total funds carried forward                        |       | 63,395                  | 23,917  | 341,079  | 428,391            | 331,252            |



# NORTHERN LIGHTS LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

| Comparative year information<br>Year ended 31 August 2017 | Notes | Unrestricted   | Restricted funds: |                  | Total            |
|---|-------|----------------|-------------------|------------------|------------------|
|   |       | Funds<br>£     | General<br>£      | Fixed asset<br>£ | 2017<br>£        |
| <b>Income and endowments from:</b>                        |       |                |                   |                  |                  |
| Donations and capital grants                              | 3     | 8,185          | -                 | 6,716            | 14,901           |
| Charitable activities:                                    |       |                |                   |                  |                  |
| - Funding for educational operations                      | 4     | 41,246         | 1,053,777         | -                | 1,095,023        |
| Other trading activities                                  | 5     | 59,641         | -                 | -                | 59,641           |
| Investments   | 6     | 145            | -                 | -                | 145              |
| <b>Total</b>  |       | <u>109,217</u> | <u>1,053,777</u>  | <u>6,716</u>     | <u>1,169,710</u> |
| <b>Expenditure on:</b>                                    |       |                |                   |                  |                  |
| Raising funds   | 7     | 79,182         | -                 | -                | 79,182           |
| Charitable activities:                                    |       |                |                   |                  |                  |
| - Educational operations                                  | 8     | 27,612         | 1,072,695         | 49,286           | 1,149,593        |
| <b>Total</b>  | 7     | <u>106,794</u> | <u>1,072,695</u>  | <u>49,286</u>    | <u>1,228,775</u> |
| <b>Net income/(expenditure)</b>                           |       | 2,423          | (18,918)          | (42,570)         | (59,065)         |
| Transfers between funds                                   | 16    | -              | (96,442)          | 96,442           | -                |
| <b>Other recognised gains/(losses)</b>                    |       |                |                   |                  |                  |
| Actuarial gains on defined benefit pension schemes        | 18    | -              | 293,000           | -                | 293,000          |
| <b>Net movement in funds</b>                              |       | 2,423          | 177,640           | 53,872           | 233,935          |
| <b>Reconciliation of funds</b>                            |       |                |                   |                  |                  |
| Total funds brought forward                               |       | 59,538         | (243,910)         | 281,689          | 97,317           |
| Total funds carried forward                               |       | <u>61,961</u>  | <u>(66,270)</u>   | <u>335,561</u>   | <u>331,252</u>   |

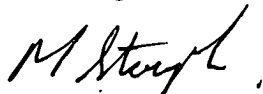
# NORTHERN LIGHTS LEARNING TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

|  | Notes | 2018<br>£ | £        | 2017<br>£ | £         |
|--|-------|-----------|----------|-----------|-----------|
| <b>Fixed assets</b>                            |       |           |          |           |           |
| Tangible assets                                | 12    |           | 341,079  |           | 335,561   |
| <b>Current assets</b>                          |       |           |          |           |           |
| Debtors  | 13    | 67,229    |          | 54,476    |           |
| Cash at bank and in hand                       |       | 231,006   |          | 152,967   |           |
|  |       | 298,235   |          | 207,443   |           |
| <b>Current liabilities</b>                     |       |           |          |           |           |
| Creditors: amounts falling due within one year | 14    | (111,923) |          | (69,752)  |           |
| <b>Net current assets</b>                      |       |           | 186,312  |           | 137,691   |
| <b>Net assets excluding pension liability</b>  |       |           | 527,391  |           | 473,252   |
| Defined benefit pension scheme liability       | 18    |           | (99,000) |           | (142,000) |
| <b>Net assets</b>                              |       |           | 428,391  |           | 331,252   |
| <b>Funds of the academy trust:</b>             |       |           |          |           |           |
| <b>Restricted funds</b>                        | 16    |           |          |           |           |
| - Fixed asset funds                            |       |           | 341,079  |           | 335,561   |
| - Restricted income funds                      |       |           | 122,917  |           | 75,730    |
| - Pension reserve                              |       |           | (99,000) |           | (142,000) |
| <b>Total restricted funds</b>                  |       |           | 364,996  |           | 269,291   |
| <b>Unrestricted income funds</b>               | 16    |           | 63,395   |           | 61,961    |
| <b>Total funds</b>                             |       |           | 428,391  |           | 331,252   |

The accounts on pages 30 to 52 were approved by the directors and authorised for issue on 29 November 2018 and are signed on their behalf by:



M Stouph  
Chair

Company Number 07909140

# NORTHERN LIGHTS LEARNING TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

|  | Notes | 2018<br>£ | £        | 2017<br>£ | £         |
|--|-------|-----------|----------|-----------|-----------|
| <b>Cash flows from operating activities</b>                        |       |           |          |           |           |
| Net cash provided by (used in) operating activities                | 19    |           | 122,980  |           | (65,932)  |
| <b>Cash flows from investing activities</b>                        |       |           |          |           |           |
| Dividends, interest and rents from investments                     |       | 117       |          | 145       |           |
| Capital grants from DfE and ESFA                                   |       | 6,732     |          | 6,716     |           |
| Payments to acquire tangible fixed assets                          |       | (51,790)  |          | (103,158) |           |
|  |       |           | (44,941) |           | (96,297)  |
| <b>Change in cash and cash equivalents in the reporting period</b> |       |           | 78,039   |           | (162,229) |
| Cash and cash equivalents at 1 September 2017                      |       |           | 152,967  |           | 315,196   |
| <b>Cash and cash equivalents at 31 August 2018</b>                 |       |           | 231,006  |           | 152,967   |
| <b>Relating to:</b>  |       |           |          |           |           |
| Bank and cash balances   |       |           | 230,770  |           | 152,967   |
| Short term deposits  |       |           | 236      |           | -         |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Northern Lights Learning Trust meets the definition of a public benefit entity under FRS 102.

#### **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 2018

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### 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 financial statements 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 2018

### 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:

|                                 |                           |
|---------------------------------|---------------------------|
| Land and 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.

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.

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.

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### 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.

#### 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 so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit 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.

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

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

#### 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.

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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 3 Donations and capital grants

|                 | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants  | -                          | 6,732                    | 6,732              | 6,716              |
| Other donations | 9,847                      | -                        | 9,847              | 8,185              |
|                 | <u>9,847</u>               | <u>6,732</u>             | <u>16,579</u>      | <u>14,901</u>      |

### 4 Funding for the academy trust's educational operations

|                                | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| <b>DfE / ESFA grants</b>       |                            |                          |                    |                    |
| General annual grant (GAG)     | -                          | 855,792                  | 855,792            | 842,935            |
| Start up grants                | -                          | 50,000                   | 50,000             | -                  |
| Other DfE group grants         | -                          | 96,228                   | 96,228             | 85,964             |
|                                | <u>-</u>                   | <u>1,002,020</u>         | <u>1,002,020</u>   | <u>928,899</u>     |
| <b>Other government grants</b> |                            |                          |                    |                    |
| Local authority grants         | -                          | 130,121                  | 130,121            | 71,368             |
|                                | <u>-</u>                   | <u>130,121</u>           | <u>130,121</u>     | <u>71,368</u>      |
| <b>Other funding</b>           |                            |                          |                    |                    |
| Catering income                | 32,362                     | -                        | 32,362             | 26,951             |
| Other incoming resources       | 58,610                     | 22,888                   | 81,498             | 67,805             |
|                                | <u>90,972</u>              | <u>22,888</u>            | <u>113,860</u>     | <u>94,756</u>      |
| <b>Total funding</b>           | <u>90,972</u>              | <u>1,155,029</u>         | <u>1,246,001</u>   | <u>1,095,023</u>   |

### 5 Other trading activities

|                   | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|-------------------|----------------------------|--------------------------|--------------------|--------------------|
| Catering income   | 602                        | -                        | 602                | 661                |
| Music tuition     | 6,920                      | -                        | 6,920              | 7,631              |
| Educational trips | 11,458                     | -                        | 11,458             | 11,901             |
| Other income      | 52,327                     | -                        | 52,327             | 39,448             |
|                   | <u>71,307</u>              | <u>-</u>                 | <u>71,307</u>      | <u>59,641</u>      |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 6 Investment income

|                     | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 117                        | -                        | 117                | 145                |

### 7 Expenditure

|                                  | Staff costs<br>£ | Non Pay Expenditure<br>Premises<br>£ | Other<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|----------------------------------|------------------|--------------------------------------|------------|--------------------|--------------------|
| Expenditure on raising funds     |                  |                                      |            |                    |                    |
| - Direct costs                   | 76,554           | -                                    | 24,594     | 101,148            | 79,182             |
| Academy's educational operations |                  |                                      |            |                    |                    |
| - Direct costs                   | 719,077          | -                                    | 84,175     | 803,252            | 750,398            |
| - Allocated support costs        | 107,189          | 142,071                              | 159,205    | 408,465            | 399,195            |
|                                  | 902,820          | 142,071                              | 267,974    | 1,312,865          | 1,228,775          |

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

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| Fees payable to auditor for:                      |           |           |
| - Audit   | 5,000     | 5,000     |
| - Other services                                  | 4,400     | 4,400     |
| Operating lease rentals                           | 8,398     | 9,475     |
| Depreciation of tangible fixed assets             | 46,272    | 48,844    |
| Loss on disposal of fixed assets                  | -         | 442       |
| Net interest on defined benefit pension liability | 3,000     | 7,000     |

### 8 Charitable activities

|  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2018<br>£ | Total<br>2017<br>£ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs - educational operations  | -                          | 803,252                  | 803,252            | 750,398            |
| Support costs - educational operations | 47,132                     | 361,333                  | 408,465            | 399,195            |
|  | 47,132                     | 1,164,585                | 1,211,717          | 1,149,593          |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Charitable activities (Continued)

|                                  | 2018<br>£      | 2017<br>£      |
|----------------------------------|----------------|----------------|
| <b>Analysis of support costs</b> |                |                |
| Support staff costs              | 107,189        | 139,757        |
| Depreciation and amortisation    | 46,272         | 49,286         |
| Premises costs                   | 72,029         | 78,623         |
| Other support costs              | 147,632        | 102,532        |
| Governance costs                 | 35,343         | 28,997         |
|                                  | <u>408,465</u> | <u>399,195</u> |

### 9 Staff costs

|  | 2018<br>£      | 2017<br>£      |
|--|----------------|----------------|
| Wages and salaries                                 | 689,094        | 617,184        |
| Social security costs                              | 64,794         | 56,028         |
| Operating costs of defined benefit pension schemes | 134,874        | 135,080        |
| Staff costs  | <u>888,762</u> | <u>808,292</u> |
| Supply staff costs                                 | -              | 33,081         |
| Staff development and other staff costs            | 14,058         | 17,312         |
|  | <u>902,820</u> | <u>858,685</u> |

#### Staff numbers

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

|                                  | 2018<br>Number | 2017<br>Number |
|----------------------------------|----------------|----------------|
| Teachers and teaching assistants | 19             | 15             |
| Administration and support       | 5              | 6              |
| Management                       | 5              | 4              |
|                                  | <u>29</u>      | <u>25</u>      |

#### Higher paid staff

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

|                    | 2018<br>Number | 2017<br>Number |
|--------------------|----------------|----------------|
| £80,001 - £90,000  | -              | 1              |
| £90,001 - £100,000 | 1              | -              |
|                    | <u>1</u>       | <u>1</u>       |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Staff costs

(Continued)

#### 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 £286,244 (2017: £315,073).

### 10 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)

|                                  |   |
|----------------------------------|---|
| Remuneration                     | £90,001 - £95,000 (2017: £85,001 - £90,000) |
| Employer's pension contributions | £10,001 - £15,000 (2017: £10,001 - £15,000) |

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

### 11 Directors and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects 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.

### 12 Tangible fixed assets

|                       | Land and<br>buildings<br>improvements | Computer<br>equipment | Fixtures,<br>fittings &<br>equipment | Total   |
|-----------------------|---------------------------------------|-----------------------|--------------------------------------|---------|
|                       | £                                     | £                     | £                                    | £       |
| <b>Cost</b>           |                                       |                       |                                      |         |
| At 1 September 2017   | 241,090                               | 115,780               | 341,308                              | 698,178 |
| Additions             | 29,409                                | 8,387                 | 13,994                               | 51,790  |
| At 31 August 2018     | 270,499                               | 124,167               | 355,302                              | 749,968 |
| <b>Depreciation</b>   |                                       |                       |                                      |         |
| At 1 September 2017   | 10,779                                | 113,181               | 238,657                              | 362,617 |
| Charge for the year   | 6,486                                 | 3,876                 | 35,910                               | 46,272  |
| At 31 August 2018     | 17,265                                | 117,057               | 274,567                              | 408,889 |
| <b>Net book value</b> |                                       |                       |                                      |         |
| At 31 August 2018     | 253,234                               | 7,110                 | 80,735                               | 341,079 |
| At 31 August 2017     | 230,311                               | 2,599                 | 102,651                              | 335,561 |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

|  |                       |                      |
|--|-----------------------|----------------------|
| <b>13 Debtors</b>  | <b>2018</b>           | <b>2017</b>          |
|  | <b>£</b>              | <b>£</b>             |
| Trade debtors  | 12,350                | 14,255               |
| VAT recoverable  | 17,234                | 7,817                |
| Prepayments and accrued income                           | 37,645                | 32,404               |
|  | <u>67,229</u>         | <u>54,476</u>        |
|  | <u><u>67,229</u></u>  | <u><u>54,476</u></u> |
| <b>14 Creditors: amounts falling due within one year</b> | <b>2018</b>           | <b>2017</b>          |
|  | <b>£</b>              | <b>£</b>             |
| Trade creditors  | 30,334                | 27,659               |
| Other taxation and social security                       | 14,869                | -                    |
| Other creditors  | 23,935                | 8,387                |
| Accruals and deferred income                             | 42,785                | 33,706               |
|  | <u>111,923</u>        | <u>69,752</u>        |
|  | <u><u>111,923</u></u> | <u><u>69,752</u></u> |
| <b>15 Deferred income</b>                                | <b>2018</b>           | <b>2017</b>          |
|  | <b>£</b>              | <b>£</b>             |
| Deferred income is included within:                      |                       |                      |
| Creditors due within one year                            | <u>26,620</u>         | <u>24,162</u>        |
|  | <u><u>26,620</u></u>  | <u><u>24,162</u></u> |
| Deferred income at 1 September 2017                      | 24,162                | 23,139               |
| Released from previous years                             | (24,162)              | (23,139)             |
| Amounts deferred in the year                             | <u>26,620</u>         | <u>24,162</u>        |
|  | <u><u>26,620</u></u>  | <u><u>24,162</u></u> |
| <b>Deferred income at 31 August 2018</b>                 | <b>26,620</b>         | <b>24,162</b>        |
|  | <u><u>26,620</u></u>  | <u><u>24,162</u></u> |

At the year end the academy was holding rates funding, Universal Infant Free School Meals Grant relating to the next academic year.

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 16 Funds

|                                     | Balance at<br>1 September<br>2017<br>£ | Income<br>£      | Expenditure<br>£   | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>31 August<br>2018<br>£ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| <b>Restricted general funds</b>     |  |                  |                    |  |                                      |
| General Annual Grant (GAG)          | 75,730                                 | 855,792          | (819,955)          | (22,529)                               | 89,038                               |
| Start up grants                     | -                                      | 50,000           | (16,121)           | -                                      | 33,879                               |
| Other DfE / ESFA grants             | -                                      | 96,228           | (96,228)           | -                                      | -                                    |
| Other government grants             | -                                      | 130,121          | (130,121)          | -                                      | -                                    |
| Other restricted funds              | -                                      | 22,888           | (22,888)           | -                                      | -                                    |
| Pension reserve                     | (142,000)                              | -                | (33,000)           | 76,000                                 | (99,000)                             |
|                                     | <u>(66,270)</u>                        | <u>1,155,029</u> | <u>(1,118,313)</u> | <u>53,471</u>                          | <u>23,917</u>                        |
| <b>Restricted fixed asset funds</b> |  |                  |                    |  |                                      |
| Transfer on conversion              | 47,713                                 | -                | (30,428)           | -                                      | 17,285                               |
| DfE group capital grants            | 35,368                                 | 6,732            | (1,203)            | -                                      | 40,897                               |
| Capital expenditure from GAG        | 252,480                                | -                | (14,641)           | 45,058                                 | 282,897                              |
|                                     | <u>335,561</u>                         | <u>6,732</u>     | <u>(46,272)</u>    | <u>45,058</u>                          | <u>341,079</u>                       |
| <b>Total restricted funds</b>       | <u>269,291</u>                         | <u>1,161,761</u> | <u>(1,164,585)</u> | <u>98,529</u>                          | <u>364,996</u>                       |
| <b>Unrestricted funds</b>           |  |                  |                    |  |                                      |
| General funds                       | <u>61,961</u>                          | <u>172,243</u>   | <u>(148,280)</u>   | <u>(22,529)</u>                        | <u>63,395</u>                        |
| <b>Total funds</b>                  | <u>331,252</u>                         | <u>1,334,004</u> | <u>(1,312,865)</u> | <u>76,000</u>                          | <u>428,391</u>                       |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 16 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 2018.

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

Other government grants includes SEN funding and Early Years Grants from the Local Authority.

Other restricted funds include Educare, Breakfast and After School Clubs and Schoolz Out 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 £186,312 as at 31 August 2018.

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 16 Funds

(Continued)

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

|                                     | Balance at<br>1 September<br>2016<br>£ | Income<br>£      | Expenditure<br>£   | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>31 August<br>2017<br>£ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| <b>Restricted general funds</b>     |  |                  |                    |  |                                      |
| General Annual Grant (GAG)          | 146,090                                | 842,935          | (816,853)          | (96,442)                               | 75,730                               |
| Other DfE / ESFA grants             | -                                      | 85,964           | (85,964)           | -                                      | -                                    |
| Other government grants             | -                                      | 71,368           | (71,368)           | -                                      | -                                    |
| Other restricted funds              | -                                      | 53,510           | (53,510)           | -                                      | -                                    |
| Pension reserve                     | (390,000)                              | -                | (45,000)           | 293,000                                | (142,000)                            |
|                                     | <u>(243,910)</u>                       | <u>1,053,777</u> | <u>(1,072,695)</u> | <u>196,558</u>                         | <u>(66,270)</u>                      |
| <b>Restricted fixed asset funds</b> |  |                  |                    |  |                                      |
| Transfer on conversion              | 78,566                                 | -                | (30,853)           | -                                      | 47,713                               |
| DfE group capital grants            | 29,517                                 | 6,716            | (865)              | -                                      | 35,368                               |
| Capital expenditure from GAG        | 173,606                                | -                | (17,568)           | 96,442                                 | 252,480                              |
|                                     | <u>281,689</u>                         | <u>6,716</u>     | <u>(49,286)</u>    | <u>96,442</u>                          | <u>335,561</u>                       |
| <b>Total restricted funds</b>       | <u>37,779</u>                          | <u>1,060,493</u> | <u>(1,121,981)</u> | <u>293,000</u>                         | <u>269,291</u>                       |
| <b>Unrestricted funds</b>           |  |                  |                    |  |                                      |
| General funds                       | 59,538                                 | 109,217          | (106,794)          | -                                      | 61,961                               |
|                                     | <u>59,538</u>                          | <u>109,217</u>   | <u>(106,794)</u>   | <u>-</u>                               | <u>61,961</u>                        |
| <b>Total funds</b>                  | <u>97,317</u>                          | <u>1,169,710</u> | <u>(1,228,775)</u> | <u>293,000</u>                         | <u>331,252</u>                       |

### 17 Analysis of net assets between funds

|  | Unrestricted<br>Funds<br>£ | Restricted funds:<br>General<br>£ | Fixed asset<br>£ | Total<br>Funds<br>£ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| <b>Fund balances at 31 August 2018 are represented by:</b> |                            |                                   |                  |                     |
| Tangible fixed assets                                      | -                          | -                                 | 341,079          | 341,079             |
| Current assets   | 63,395                     | 234,840                           | -                | 298,235             |
| Creditors falling due within one year                      | -                          | (111,923)                         | -                | (111,923)           |
| Defined benefit pension liability                          | -                          | (99,000)                          | -                | (99,000)            |
| <b>Total net assets</b>                                    | <u>63,395</u>              | <u>23,917</u>                     | <u>341,079</u>   | <u>428,391</u>      |



# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Analysis of net assets between funds

(Continued)

|  | Unrestricted<br>Funds<br>£ | Restricted funds:<br>General<br>£ | Fixed asset<br>£ | Total<br>Funds<br>£ |
|--|----------------------------|-----------------------------------|------------------|---------------------|
| <b>Fund balances at 31 August 2017 are represented by:</b> |                            |                                   |                  |                     |
| Tangible fixed assets                                      | -                          | -                                 | 335,561          | 335,561             |
| Current assets   | 61,961                     | 145,482                           | -                | 207,443             |
| Creditors falling due within one year                      | -                          | (69,752)                          | -                | (69,752)            |
| Defined benefit pension liability                          | -                          | (142,000)                         | -                | (142,000)           |
| <b>Total net assets</b>                                    | <b>61,961</b>              | <b>(66,270)</b>                   | <b>335,561</b>   | <b>331,252</b>      |

### 18 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Tyne and Wear Pension Fund. 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 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £13,349 (2017: £nil) were payable to the schemes at 31 August 2018 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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £79,977 (2017: £73,603).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 14.1% 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 | 2018<br>£ | 2017<br>£ |
|--------------------------|-----------|-----------|
| Employer's contributions | 25,000    | 22,000    |
| Employees' contributions | 11,000    | 10,000    |
| Total contributions      | 36,000    | 32,000    |

| Principal actuarial assumptions          | 2018<br>% | 2017<br>% |
|--|-----------|-----------|
| Rate of increases in salaries            | 3.5       | 3.4       |
| Rate of increase for pensions in payment | 2.0       | 1.9       |
| Discount rate                            | 2.8       | 2.5       |
| Inflation assumption (CPI)               | 2.0       | 1.9       |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Pensions and similar obligations

(Continued)

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

|                      | 2018<br>Years | 2017<br>Years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| - Males              | 22.9          | 22.8          |
| - Females            | 26.4          | 26.3          |
| Retiring in 20 years |               |               |
| - Males              | 25.1          | 25.0          |
| - Females            | 28.7          | 28.6          |

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

|                               | 2018<br>£ | 2017<br>£ |
|-------------------------------|-----------|-----------|
| Discount rate + 0.1%          | 863,000   | 945,000   |
| Discount rate - 0.1%          | 913,000   | 998,000   |
| Mortality assumption + 1 year | 863,000   | 940,000   |
| Mortality assumption - 1 year | 913,000   | 1,003,000 |
| CPI rate + 0.1%               | 904,000   | 987,000   |
| CPI rate - 0.1%               | 873,000   | 955,000   |

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

|  | 2018<br>Fair value<br>£ | 2017<br>Fair value<br>£ |
|--|-------------------------|-------------------------|
| Equities                                     | 532,575                 | 468,649                 |
| Government bonds                             | 31,560                  | 27,651                  |
| Corporate bonds                              | 88,368                  | 81,535                  |
| Cash   | 17,358                  | 27,651                  |
| Property                                     | 67,065                  | 63,810                  |
| Other assets                                 | 52,074                  | 39,704                  |
| Total market value of assets                 | 789,000                 | 709,000                 |
| Actual return on scheme assets - gain/(loss) | 51,000                  | 113,000                 |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Pensions and similar obligations

(Continued)

| Amounts recognised in the statement of financial activities             | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| Current service cost  | 55,000         | 60,000         |
| Interest income   | (18,000)       | (12,000)       |
| Interest cost   | 21,000         | 19,000         |
|   | <u>58,000</u>  | <u>67,000</u>  |
| Total operating charge  |                |                |
|   | <u>58,000</u>  | <u>67,000</u>  |
| Changes in the present value of defined benefit obligations             | 2018<br>£      | 2017<br>£      |
| Obligations at 1 September 2017   | 851,000        | 971,000        |
| Current service cost  | 55,000         | 60,000         |
| Interest cost   | 21,000         | 19,000         |
| Employee contributions  | 11,000         | 10,000         |
| Actuarial gain  | (43,000)       | (192,000)      |
| Benefits paid   | (7,000)        | (17,000)       |
|   | <u>888,000</u> | <u>851,000</u> |
| At 31 August 2018   |                |                |
|   | <u>888,000</u> | <u>851,000</u> |
| Changes in the fair value of the academy trust's share of scheme assets | 2018<br>£      | 2017<br>£      |
| Assets at 1 September 2017  | 709,000        | 581,000        |
| Interest income   | 18,000         | 12,000         |
| Actuarial gain  | 33,000         | 101,000        |
| Employer contributions  | 25,000         | 22,000         |
| Employee contributions  | 11,000         | 10,000         |
| Benefits paid   | (7,000)        | (17,000)       |
|   | <u>789,000</u> | <u>709,000</u> |
| At 31 August 2018   |                |                |
|   | <u>789,000</u> | <u>709,000</u> |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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

|  | 2018<br>£      | 2017<br>£       |
|--|----------------|-----------------|
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 21,139         | (59,065)        |
| Adjusted for:  |                |                 |
| Capital grants from DfE/ESFA and other capital income  | (6,732)        | (6,716)         |
| Investment income receivable   | (117)          | (145)           |
| Defined benefit pension costs less contributions payable   | 30,000         | 38,000          |
| Defined benefit pension net finance cost   | 3,000          | 7,000           |
| Depreciation of tangible fixed assets  | 46,272         | 48,844          |
| Loss on disposal of fixed assets   | -              | 442             |
| (Increase)/decrease in debtors   | (12,753)       | 5,979           |
| Increase/(decrease) in creditors   | 42,171         | (100,271)       |
| <b>Net cash provided by/(used in) operating activities</b>                                       | <b>122,980</b> | <b>(65,932)</b> |

### 20 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

|                                   | 2018<br>£     | 2017<br>£     |
|-----------------------------------|---------------|---------------|
| Amounts due within one year       | 11,288        | 7,567         |
| Amounts due in two and five years | 15,193        | 20,095        |
|                                   | <b>26,481</b> | <b>27,662</b> |

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 21 Related party transactions

Owing to the nature of the academy trust's operations 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

No related party transactions took place in the period of account.

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.

### 22 Post balance sheet events

After the year end, the following schools converted to academy trust status and joined Northern Lights Learning Trust.

| Academy                         | Location   | Date of conversion |
|---------------------------------|------------|--------------------|
| Hart Community Primary School   | Hartlepool | 1 November 2018    |
| St Peter's Elwick C of E School | Hartlepool | 1 November 2018    |

### 23 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.