

Company Registration Number: 07909140 (England & Wales)

NORTHERN LIGHTS LEARNING TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

R Thorndyke
P Blackburn (resigned 23 June 2021)
S Pickering (appointed 23 June 2021)
B Hart
Ven B Cooper
M Stouph

Directors

M Stouph, Chairman
P Clark
M Emmerson (appointed 24 November 2020, resigned 15 November 2021)
P Farquhar (resigned 31 December 2020)
K Hammond
J Heaton, CEO and Accounting Officer
C Inkster
S Lymer
P Olsen

Company registered number

07909140

Company name

Northern Lights Learning Trust

Principal and registered office

Marcross Drive
Moorside
Sunderland
Tyne & Wear
SR3 2RE

Company secretary

C Henderson

Chief executive officer

H Swinhoe

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
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Senior management team

J Heaton, CEO
S Armstrong, Headteacher Benedick Biscop CE Academy
K Hill, Headteacher Hart and St Peter's Elwick CofE Primary Schools
G Clark, Deputy Headteacher Benedick Biscop CE Academy
V Wilson, Assistant Headteacher Hart and St Peter's Elwick CofE Primary Schools
S Leighton, Assistant Headteacher Hart and St Peter's Elwick CofE Primary Schools
H Swinhoe, Chief Operations and Finance Officer
R Hunt, Assistant Headteacher Benedick Biscop CE Academy
M Allison (from 12 April 2021), Assistant Headteacher Benedick Biscop CE Academy

Independent auditors

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

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

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

NORTHERN LIGHTS LEARNING TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

The academies combined pupil capacity is 480 including nursery and had a roll of 459 pupils in the school census on 20 May 2021. Pupils are admitted in accordance with our Admissions Policy which is ratified annually by the Board of Directors. Management of Admissions is delegated the Local Governing Body for each academy.

Structure, governance and management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Directors of Northern Lights Learning Trust are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Northern Lights Learning Trust.

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

Members' liability

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

Directors' indemnities

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

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

Structure, governance and management (continued)

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 Trust is comprised as follows:

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

The members are responsible for appointing the Directors in discussion with the body they represent in accordance with the composition set out in Article 45 onwards. When vacancies arise, the members are able to appoint Directors where their skills and expertise are deemed beneficial to Trust operations. An application and due diligence process will be undertaken to ensure any future board members share the ethos and values of the Trust and to ensure their appointment will bring added value to the Trust board. Directors may approach potential Directors whose skills appear to meet the requirements of the skills audit. The person applying to be a Director will complete an application. The chair of the board will review this application and nominate the applicant to the members, where appropriate. The term of office for any Director shall be 4 years, save that this time limit shall not apply to the CEO or any post held ex-officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

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

Policies and procedures adopted for the induction and training of Directors

All Directors are provided with an induction pack which provides them with an overview of Northern Lights Learning Trust, and overview of the academies in the Trust, an understanding of charity aspects, an understanding of the role of a Director, expectations of the role and relevant policies. The documentation provided will always include:

- our governance structure
- terms of reference
- scheme of delegation
- articles of association
- Trust development plan
- annual calendar
- latest Ofsted reports for each of our academies
- latest financial accounts
- latest approved 3-year budget
- Academy Trust Handbook
- NLLT Financial Procedures Policy
- CC3 'The Essential Trustee. What you need to know' and Charities and charity trustees – an induction for school governors
- DfE Governance Handbook
- Nolan Principles
- NLLT Code of Conduct
- Relevant Governance Handbook/DfE documentation

The training and induction provided for new Directors depends on their existing experience so additional documentation may be provided where necessary.

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

Structure, governance and management (continued)

Organisational structure

The Trust's unified management structure has been reviewed during 2020-21 and consists of 4 levels:

- Board of Directors
- CEO and COFO (previously CFO)
- Executive Leader Team (CEO, COFO, Headteachers (including Headteacher of associate school from April 2021)
- Senior Leadership Teams (SLT)

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

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

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

The Executive Leadership team has increased membership from April 2021 to include the Headteacher of St Helen's Primary an associate school of the Trust.

The Senior Leadership Team in Benedict Biscop CE Academy consists of the Headteacher, Deputy Headteacher and following a re-structure in 2020-21, two Assistant Headteachers. Hart Primary and St Peter's Elwick CofE Primary School have a shared leadership team which consists of a Headteacher and two Assistant Headteachers. The Senior Leadership Team are responsible for all elements of Teaching and Learning in their schools.

Middle leader network meetings were established in 2020-21. In these meetings middle leaders from all schools work collaboratively to explore the curriculum and share best practice. This has ensured that the intent of the curriculum is shared across the Trust and implemented in each school that best suits the individual school and their communities.

Arrangements for setting pay and remuneration of key management personnel

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

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

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

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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

Trade union facility time

There were no Relevant Union Officials during the accounting period, therefore no paid trade union activities were undertaken and no working time was given as facility time or any costs incurred.

Related parties and other connected charities and organisations

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

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

Benedict Biscop CE Academy are a Teaching School until August 2021 and were designated a Teaching School Hub for Sunderland, South Tyneside & Gateshead in March 2021 for a set up phase for the period until August 2021. Benedict Biscop is the lead school in the Prince Bishops Teaching School Alliance which provides Initial Teacher Training (ITT), continuous professional development (CPD) and school to school support to a range of partners and schools.

Business Interests are declared on the website and further detail of transactions during the year can be found in Note 25.

Objectives and activities

Objects and aims

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

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

The Trust Central Team is based in Sunderland, where the original school, Benedict Biscop CE Academy is situated. The two other schools in the Trust, Hart Primary School and St Peter's Elwick CofE Primary School joined the trust in 2018. Benedict Biscop has an Outstanding Ofsted judgement (2012), Hart Primary has an Outstanding Ofsted judgement (2016) and St Peter's Elwick has a Good with Outstanding for Leadership & Management & Behaviour & Safety (2015).

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

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DIRECTORS' REPORT (CONTINUED)
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Objectives and activities (continued)

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

Our Trust aims to support all of our academies to:

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

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

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 2020-21 covered the following areas across the schools in our Trust. Due to the impact of Covid-19 and the national lockdown, the criteria used to measure success was adapted.

Overarching Trust Priorities:

- To invest in our curriculum to ensure that all gaps in learning are closed and all pupils receive the support they require to make progress.
- To invest in our IT strategy to ensure that we provide our pupils with the best education, regardless of isolation with a focus on pedagogy, curriculum and IT systems.
- To invest in our staff and systems to enable the Trust to run smoothly and flexibly in the current context.
- To invest in our own growth & capacity as a Trust.

Individual academies each had their own overarching development priorities that sit beneath these Trust priorities and detail the specific areas of the curriculum, IT, staff development and growth. In 2020-21 these included development of Local Governance, a pedagogical approach to remote learning, STEM, OPAL & curriculum development of intent, implementation & impact.

As a Trust we aim to live solely by our values of:

Integrity
Community
Support
Pride
Voice of the Child

We have successfully achieved this through our own internal and external reviews and feedback from stakeholders, including staff, parent and pupil questionnaires.

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

Objectives and activities (continued)

We have a detailed growth strategy that details our measured, planned growth and includes detail on our offer of support as a sponsor trust as well as an Associate partnership model for good or better schools interested in working together with us to judge whether the fit is right and if they would be interested in joining our Trust.

An Associate School, St. Helen's Primary School in Hartlepool, joined our Trust as an Associate school in April 2021. This has proved to be an effective partnership and model for our Trust.

Public benefit

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

Strategic report

Achievements and Performance

Key performance indicators

Safeguarding: All safeguarding arrangements in all academies was effective for 2020-2021. The Trust is supported by Safeguarding First.

Estates: One school in the Trust, Benedict Biscop CE Academy successfully extended the school by 3 classrooms to become a 1.5 form entry school, at the request of the Local Authority. It still remained over-subscribed. Hart Primary School wall and fence work was completed after a delay due to Covid.

Contribution to the wider system: The Trust continues to contribute to the wider system. It was successfully designated as the Teaching School Hub for Sunderland, South Tyneside & Gateshead in March 2021. The Trust now provides Initial Teacher Training, delivers the new Early Career Framework, acts as an Appropriate Body for ECTs and provides the new NPQs as well as providing support for the region and acting as a signpost to support teacher professional development from ITT to Executive Leadership & in all phases from Early Years to post 16, including special and alternative provision.

The CEO continues to Chair the DfE National Primary Headteacher Reference Group and sit on the Recruitment & Retention Advisory Group. She has also been deployed as an NLE in the region again this year and sits on the Ofsted CEO advisory group, along with a range of regional partnerships to contribute to the wider system.

Academic: Internal data and assessments evidence progress for all pupils and a standard of performance at a similar level in all year groups for previous external assessments. School self-evaluation of the curriculum and pupil outcomes identifies performance that the Trust judges as good or outstanding, including closely monitored progress for pupils with SEND and Pupil Premium. Catch up funding has been deployed effectively and gaps have closed for all pupils since return from lockdowns.

Attendance: Attendance across all 3 schools in the Trust remains higher than National Average at 97.7% for the academic year.

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

Strategic report (continued)

Achievements and Performance (continued)

Financial

Key Performance Indicator	Benedict Biscop CE Academy	Hart Primary	St Peter's CofE Primary	TOTAL
GAG Funding	£926,087	£512,112	£448,986	£1,810,785
Total revenue funding	£1,373,747	£715,304	£589,785	£2,678,836
Total Staffing Costs	£921,391	£514,067	£424,162	£1,859,620
Reserves as at 31/8/21	£251,000	£142,000	£118,000	£511,000
Total costs as a % of total funding	98.19%	96.94%	99.92%	98.24%
Reserves as % of GAG	27.10%	27.73%	26.28%	28.22%

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 they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

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

The Trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition, the Trust had other income grants from the ESFA, funding from Local Authorities including Early Years Funding and High needs top up funding for children with Special Educational Needs. The Trust have additional income from providing wraparound care in the form of breakfast, after school and paid nursery education.

In March 2021 the Trust was designated as the Teaching School Hub for Sunderland, South Tyneside and Gateshead. In the 2020-21 accounting period a startup grant was received to the value of £80,000.

During the year ended 31 August 2021, total expenditure of £2,960,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding pension reserve movements and restricted fixed asset funds) was £101,000.

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

At 31 August 2021 net book value of fixed assets was £1,691,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

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

Strategic report (continued)

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £1,457,000 recognised on the Balance Sheet.

The Trust held fund balances as at 31 August 2021 of £787,000 comprising £87,000 of restricted general funds, £1,707,000 of restricted fixed asset funds, a pension deficit of £1,457,000 and £450,000 of unrestricted funds.

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 Risk Management Committee as part of their terms of reference.

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

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

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

There are no funds materially in deficit.

Funds cannot be realised by disposing of tangible fixed assets.

The amount of reserves shown is above the 5-year target of £180,000. This has been realised through prudent financial planning and is currently £537,000.

The reserves policy is reviewed annually.

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DIRECTORS' REPORT (CONTINUED)
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Investment policy

The Trust has made no investments throughout the 2020-21 financial year. The Trust have continued to investigate potential investments. Interest rates will be reviewed prior to any investment. Any investments outside of the deposit account would be on a low risk basis taking ethical considerations into account and would need prior Trust approval.

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

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

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

Principal risks and uncertainties

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

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

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

During 2020-21, an internal Health and Safety audit indicated minimum risks and best practice, as did an Asbestos Management review. The compliance system introduced in the previous accounting period is now embedded to ensure compliance across the academies. This system will be further developed over the following period to streamline risk assessments.

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

A risk management review by the RPA showed no areas of major concern. The Trust and the academies will continue to implement the recommended improvements over the 2021-22 financial year.

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

- Potential financial risk due to increased costs of cleaning supplies. Mitigated through prudent financial management.

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DIRECTORS' REPORT (CONTINUED)
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- Potential financial risk due to requirements to amend estates to ensure sites are Covid secure. Mitigated through prudent financial management.
- Potential financial risk due to increased staffing costs, e.g. cover for staff who still have to isolate as they aren't fully vaccinated or through them testing positive. Mitigated through careful management of staffing, robust contingency plans and use of remote education and IT infrastructure investment.
- Potential risk to educational outcomes and pupil welfare. Mitigated through IT infrastructure investment, use of remote education, staff training and CPD and clear risk assessments for ensuring pupil welfare, including multi-agency working.
- Potential risk to staff welfare. Mitigated through clear risk assessments, opportunities for staff to contribute to the management of risk, use of remote IT communication, staff training and provision of support services to staff.
- Potential risk to Health and Safety due to Coronavirus. Mitigated through clear risk assessments, devised and updated in line with Government guidance and our Health and Safety advisors, adapted for our contexts and updated regularly.

Fundraising

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

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

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

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

The means used to fundraise are kept within school populations and include raising funds through pupils taking part in school-led sponsored events which includes families and friends contributing to events such as cake sales, Christmas fayres and non-uniform days. Where possible, the Trust use this as an opportunity to develop social awareness and a responsibility for "giving". All pupils take part in these activities, but we are aware that some are vulnerable and therefore there is no obligation to contribute financially. In 2020-21, due to the partial closures of schools and the Covid-19 restrictions, fundraising has been necessarily reduced.

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

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DIRECTORS' REPORT (CONTINUED)
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Plans for future periods

The Trust has a comprehensive growth strategy and is committed to growth. We are working in partnership with the RSC and Diocese to grow and develop our Trust. We currently have an Associate school working with us. There are plans for our Trust to grow by 2 schools within the next academic year. These plans are well underway.

We are continuing to develop our new designation as the Teaching School Hub for Sunderland, South Tyneside & Gateshead. We will further develop this offer and also develop our ITT provision across the region. We are also focused on ensuring that our growth as an organisation (as a Trust growing in size and breadth of offer including the Teaching School Hub) remains focused on clear culture, values & systems.

Trust development priorities:

- Embed our Trust values and further develop the culture of the Trust as one organisation
- Develop a concise, accurate due diligence process with relevant expertise
- Grow in a sustainable way to develop further opportunities for our staff and pupils
- Develop the Central Team structure to develop as a Trust, including adapting as we grow
- Ensure the scheme of delegation continues to provide clarity as the Trust grows and adapts
- Develop standardised language (& where relevant systems) on Early Reading, Assessment & Staff appraisal
- Clear, accurate reporting to the Board that is flexible to the growing Trust and incorporates school performance, compliance, Trust & school self-evaluation
- Grow as an organisation, including ITT, Teaching School Hub, Trust CPD & services offered to the wider sector

These development priorities are broken down into more detail, including the work on specific curriculum areas, in Trust development plans.

Funds held as custodian on behalf of others

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

Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 16 December 2021 and signed on its behalf by:



M Stough
Chairman

NORTHERN LIGHTS LEARNING TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that 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.

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

The Board of Directors has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northern Lights Learning Trust and the Secretary of State for Education. 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 8 times during the year and held their Annual General Meeting.

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

Director	Meetings attended	Out of a possible
M Stouph, Chairman	8	8
P Clark	7	8
J Heaton, CEO and Accounting Officer	8	8
K Hammond	8	8
P Farquhar (resigned 31 December 2020)	2	2
M Emmerson (appointed 24 November 2020)	5	7
C Inkster	8	8
S Lymer	3	8
P Olsen	5	8

Governance reviews:

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

An additional committee for the governance of the Teaching School Hub and a working group, focusing on Due Diligence, has been formed this year and added to the Board structure as a result of the Trust Growth Plans.

The Finance, Audit and Risk Management Committee is a sub-committee of the main Board of Directors. Its purpose is to ensure effective use of resources whilst seeking ways to ensure outstanding and sustainable provision and managing any proposed risks.

During the year P Farquhar resigned as a Director and Chair of the Finance, Audit and Risk Management Committee. P Olsen, who is a qualified accountant, was appointed as Chair of this committee.

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
P Farquhar (Chair until 31 December 2020)	2	2
P Olsen (Chair from 1 January 2021)	5	6
J Heaton	6	6
M Stouph	6	6
S Lymer	5	6

Review of value for money

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

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

- Continuing the contract for sports coaching under SLA saving on lunchtime supervisory costs, whilst developing healthy physical activity, reducing incidents of poor behaviour.
- Due to Covid-19, procedures were introduced to allow staff to work from home, this has continued when possible following the wider opening of schools to maximise working hours and minimise staff absence.
- Continual review of SLA's to negotiate savings and to streamline contracts across the Trust.
- Further investment in IT to continue the commitment for staff to be able to deliver outstanding remote education to all pupils.
- Appointment of apprentices to build capacity and invest in staff development.
- Restructuring wraparound care and lunchtime staff structures following a resignation to achieve savings and provide consistency to children across the school day.
- Collaborative working across the Trust to reduce duplication.
- Covering temporary maternity vacancies by segregating and redistributing responsibilities across existing staff giving savings across staffing.
- Appointment of new external auditors following a tendering process.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Lights Learning Trust since 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors
- regular reviews by the Finance, Audit and Risk 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 decided to buy-in an internal audit service from Azets Audit Services.

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

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

On a termly basis, the auditor reports to the Board of Directors, through the Finance, Audit and Risk Management Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities and annually prepares an annual summary report to the Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

Following the internal reviews in 2020-21 an electronic form has been introduced to enable easier capturing of Business Interests for Members, Directors and local Governors and members of the Senior Leadership Teams. Additional password security was added to the Trust Accounting system. Procedures have been tightened for the use of credit cards and development has been delivered to admin staff, particularly those in new roles on the financial procedures policy in place.

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

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

Approved by order of the members of the Board of Directors on 16 December 2021 and signed on their behalf by:



M Stouph
Chairman



J Heaton
Accounting Officer

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



J Heaton
Accounting Officer
Date: 16 December 2021

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

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

The 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 16 December 2021 and signed on its behalf by:



M Stough
Chairman

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHERN LIGHTS LEARNING TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHERN LIGHTS LEARNING TRUST (CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 trustees

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

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

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHERN LIGHTS LEARNING TRUST (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Use of our report

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

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHERN LIGHTS LEARNING TRUST (CONTINUED)

Clive Owen up

Kevin Shotton BA BFP FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

Date: *16/12/21*

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 4 March 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern Lights Learning Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 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 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

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

- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

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

Clive Owen LLP

Reporting Accountant
Clive Owen LLP
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 16/12/21

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:						
Donations and capital grants	3	2	-	21	23	25
Other trading activities	5	104	-	-	104	79
Charitable activities	4	90	2,495	-	2,585	2,463
Teaching schools	26	-	80	-	80	-
Total income		196	2,575	21	2,792	2,567
Expenditure on:						
Raising funds		-	-	-	-	85
Charitable activities	6	66	2,738	76	2,880	2,630
Teaching schools	26	-	80	-	80	-
Total expenditure		66	2,818	76	2,960	2,715
Net income/(expenditure)		130	(243)	(55)	(168)	(148)
Transfers between funds	16	-	(22)	22	-	-
Net movement in funds before other recognised gains/(losses)		130	(265)	(33)	(168)	(148)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(95)	-	(95)	(437)
Net movement in funds		130	(360)	(33)	(263)	(585)
Reconciliation of funds:						
Total funds brought forward		320	(1,010)	1,740	1,050	1,635
Net movement in funds		130	(360)	(33)	(263)	(585)
Total funds carried forward		450	(1,370)	1,707	787	1,050

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07909140

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	13	1,691	1,739
		<u>1,691</u>	<u>1,739</u>
Current assets			
Debtors	14	153	88
Cash at bank and in hand		719	637
		<u>872</u>	<u>725</u>
Creditors, amounts falling due within one year	15	(319)	(266)
Net current assets		<u>553</u>	<u>459</u>
Total assets less current liabilities		<u>2,244</u>	<u>2,198</u>
Net assets excluding pension liability		<u>2,244</u>	<u>2,198</u>
Defined benefit pension scheme liability	22	(1,457)	(1,148)
Total net assets		<u><u>787</u></u>	<u><u>1,050</u></u>
 Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	16	1,707	1,740
Restricted income funds	16	87	138
		<u>1,794</u>	<u>1,878</u>
Restricted funds excluding pension asset	16	1,794	1,878
Pension reserve	16	(1,457)	(1,148)
		<u>337</u>	<u>730</u>
Total restricted funds	16	337	730
Unrestricted income funds	16	450	320
		<u>787</u>	<u>1,050</u>
Total funds		<u><u>787</u></u>	<u><u>1,050</u></u>

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07909140

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 26 to 57 were approved by the Directors, and authorised for issue on 16 December 2021 and are signed on their behalf, by:



M Stouph
Chairman

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	92	124
Cash flows from investing activities			
Change in cash and cash equivalents in the year	19	(10)	(29)
Cash and cash equivalents at the beginning of the year		82	95
		637	542
Cash and cash equivalents at the end of the year	20, 21	<u>719</u>	<u>637</u>

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

1.4 Expenditure

NORTHERN LIGHTS LEARNING TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

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

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

All resources expended are inclusive of irrecoverable VAT.

• **Charitable activities**

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

1.5 Tangible fixed assets

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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following bases:

Leasehold land	- 125 years straight line
Leasehold buildings	- 40 years straight line
Leasehold buildings improvements	- 40 years straight line
Fixtures, fittings & equipment	- 5 - 8 years straight line
Computer equipment	- 3 years straight line

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1. Accounting policies (continued)

1.6 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.7 Operating leases

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition.

1.9 Taxation

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

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1. Accounting policies (continued)

1.10 Pensions benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1.11 Fund accounting

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

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

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

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2. Critical accounting estimates and areas of judgment

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 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £78,000.

Critical areas of judgement:

The academy buildings are owned by the Durham Diocese Board of Finance (the DDBF). The Trust occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the academy trust for the time being, but does not vest any rights over the buildings to the academy trust. The Durham Diocese Board of Finance has given an undertaking to the Secretary of State that they will not give academy trust less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the academy trust is occupying the buildings the Directors have concluded that the value of the buildings occupied by the academy trust at the date of conversion to an academy will not be recognised on the balance sheet of the academy trust. In addition, whilst the occupation constitutes a donation in kind to the academy trust, the Directors consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities. Additions since conversion funded by grant bids or from GAG have been capitalised as leasehold improvements and written off over their economic life.

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NOTES TO THE FINANCIAL STATEMENTS
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3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Other Donations	2	-	2	5
Capital Grants	-	21	21	20
	<u>2</u>	<u>21</u>	<u>23</u>	<u>25</u>
Total 2020	<u>5</u>	<u>20</u>	<u>25</u>	

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4. Funding for the Trust's educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,811	1,811	1,770
Other DfE/ESFA grants				
Pupil Premium	-	65	65	64
PE and Sport Premium	-	52	52	52
UIFSM	-	67	67	67
Rates	-	9	9	9
Teachers' pay grant	-	22	22	22
Teachers' pension grant	-	68	68	68
Other DfE/ESFA grants	-	15	15	-
	-	2,109	2,109	2,052
Other Government grants				
SEN	-	74	74	36
Early Years Funding	-	268	268	256
Local authority grants	-	4	4	3
	-	346	346	295
Other income from the academy trust's educational operations	90	-	90	116
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	32	32	-
Other DfE/ESFA COVID-19 funding	-	1	1	-
	-	33	33	-
COVID-19 additional funding (non-DfE/ESFA)				
Other COVID-19 funding	-	7	7	-
	-	7	7	-
	90	2,495	2,585	2,463
Total 2020	109	2,354	2,463	

The Trust received £32k of funding for catch-up premium and costs incurred in respect of this funding totalled £32k.

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

5. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Non student catering income	1	1	-
Rental and lettings income	4	4	5
Receipts from Supply Teacher Insurance claims	20	20	-
Other	79	79	74
	<u>104</u>	<u>104</u>	<u>79</u>
Total 2020	<u>79</u>	<u>79</u>	

6. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	Total 2020 £000
Expenditure on fundraising trading activities:					
Direct costs	-	-	-	-	85
Trust's educational operations:					
Direct costs	1,880	-	148	2,028	1,884
Allocated support costs	234	265	353	852	746
Teaching school	67	-	13	80	-
	<u>2,181</u>	<u>265</u>	<u>514</u>	<u>2,960</u>	<u>2,715</u>
Total 2020	<u>2,002</u>	<u>311</u>	<u>402</u>	<u>2,715</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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6. Expenditure (continued)

In 2021 of the total expenditure, £66,000 (2020: £158,000) was to unrestricted funds and £2,894,000 (2020: £2,557,000) was to restricted funds.

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

- Compensation payments
- Gifts made buy the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were fixed asset losses during the period totalling £2,567.

There were no ex-gratia payments in the period.

7. Analysis of expenditure by activities

	Direct Costs 2021 £000	Support costs 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Trust's educational operations	2,028	852	2,880	2,630
Total 2020	1,884	746	2,630	

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Staff costs	1,879	1,737
Educational supplies	105	89
Staff development	14	16
Technology costs	12	26
Educational consultancy	12	7
Staff expenses	4	2
Other direct costs	2	7
	<u>2,028</u>	<u>1,884</u>

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

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £000	Total funds 2020 £000
Pension finance costs	19	10
Support staff costs	234	217
Depreciation	76	78
Technology costs	37	10
Supply insurance	34	-
Maintenance of premises	63	47
Cleaning	70	76
Other premises costs	33	16
Energy	34	33
Rent and rates	9	11
Insurance	10	8
Operating lease rentals	9	14
Catering	111	97
Legal costs - other	7	2
Security	4	-
Other support costs	80	104
Governance costs	22	23
	852	748

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

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £000	2020 £000
Operating lease rentals	9	14
Depreciation of tangible fixed assets	76	76
Loss on disposal of fixed assets	3	-
Fees paid to auditors for:		
- audit	9	9
- other services	1	6
	9	9

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £000	2020 £000
Wages and salaries	1,521	1,446
Social security costs	140	126
Pension costs	515	428
	2,176	2,000
Agency staff costs	5	2
	2,181	2,002

Included in operating costs of defined pension schemes is a charge of £195,000 (2020: £135,000) relating to the pension deficit actuarial adjustment.

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

9. Staff (continued)

b. Staff numbers

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

	2021 No.	2020 No.
Teacher	19	19
Administration and Support	40	35
Management	9	8
	<u>68</u>	<u>62</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. Staff (continued)

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
	1	1

d. Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £591,000 (2020 - £494,000).

10. Central services

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

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

The Trust charges for these services on the following basis:

- flat percentage of GAG income 6%

The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
Hart Community Primary School	30	29
St Peter's Elwick C of E School	26	26
Benedict Biscop C of E Academy	53	51
	109	106

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Directors' remuneration and expenses

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

		2021 £000	2020 £000
J Heaton, (Accounting Officer, CEO)	Remuneration	75 - 80	70 - 75
	Pension contributions paid	15 - 20	15 - 20

During the year, Directors were reimbursed £nil (2020: £210) in travel expenses. No other expenses were reimbursed to Directors.

12. Directors' and Officers' insurance

The 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 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 membership.

13. Tangible fixed assets

	leasehold land and buildings £000	Leasehold buildings improvements £000	Computer equipment £000	Furniture, fittings & equipment £000	Total £000
Cost					
At 1 September 2020	1,446	287	194	374	2,301
Additions	-	12	14	5	31
Disposals	-	-	-	(6)	(6)
At 31 August 2021	1,446	299	208	373	2,326
Depreciation					
At 1 September 2020	59	32	134	337	562
Charge for the year	34	7	26	9	76
On disposals	-	-	-	(3)	(3)
At 31 August 2021	93	39	160	343	635
Net book value					
At 31 August 2021	1,353	260	48	30	1,691
At 31 August 2020	1,387	255	60	37	1,739

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NOTES TO THE FINANCIAL STATEMENTS
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14. Debtors

	2021 £000	2020 £000
Due within one year		
Trade debtors	41	2
Prepayments and accrued income	59	63
Vat recoverable	53	23
	153	88
	153	88

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	82	70
Other taxation and social security	33	30
Other creditors	96	81
Accruals and deferred income	108	85
	319	266
	319	266

	2021 £000	2020 £000
Deferred income at 1 September 2020	40	50
Resources deferred during the year	39	40
Amounts released from previous periods	(40)	(50)
	39	40
Deferred income at 31 August 2021	39	40

At the year end the Trust was holding universal infant free school meals and a rates relief grant relating to the next academic year.

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NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General Funds	320	196	(66)	-	-	450
Restricted general funds						
General Annual Grants(GAG)	110	1,811	(1,819)	(22)	-	80
Pupil premium	-	65	(65)	-	-	-
Other DfE/ESFA Grants	12	233	(238)	-	-	7
Other Government Grants	16	272	(288)	-	-	-
SEN	-	74	(74)	-	-	-
Covid-19 catchup premium	-	32	(32)	-	-	-
Other DfE/ESFA Covid funding	-	1	(1)	-	-	-
Other Covid funding	-	7	(7)	-	-	-
Teaching school	-	80	(80)	-	-	-
Pension reserve	(1,148)	-	(214)	-	(95)	(1,457)
	(1,010)	2,575	(2,818)	(22)	(95)	(1,370)
Restricted fixed asset funds						
Inherited on conversion	1,387	-	(34)	-	-	1,353
DfE group capital grants	85	21	(17)	-	-	89
Capital expenditure from GAG	268	-	(25)	22	-	265
	1,740	21	(76)	22	-	1,707
Total Restricted funds	730	2,596	(2,894)	-	(95)	337
Total funds	1,050	2,792	(2,960)	-	(95)	787

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

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

The General Annual Grant (GAG) must be used for the normal running of the Trust including salaries and related costs, overheads, repairs and maintenance, and insurance.

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

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

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

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

Other DfE/ESFA Covid funding and Other Covid funding relate to funding received to help cover additional costs incurred during the Covid-19 pandemic.

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

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

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

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

A transfer of £22,000 has been made to capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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

16. Statement of funds (continued)

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	286	193	(159)	-	-	320
Restricted general funds						
General Annual Grants(GAG)	144	1,779	(1,786)	(27)	-	110
Other DfE/ESFA Grants	-	273	(261)	-	-	12
Other Government Grants	-	295	(279)	-	-	16
Other	-	7	(7)	-	-	-
Pension reserve	(586)	-	(145)	-	(437)	(1,148)
	(422)	2,354	(2,478)	(27)	(437)	(1,010)
Restricted fixed asset funds						
Inherited on conversion	1,420	-	(33)	-	-	1,387
DfE group capital grants	79	20	(11)	(3)	-	85
Capital expenditure from GAG	272	-	(34)	30	-	268
	1,771	20	(78)	27	-	1,740
Total Restricted funds	1,349	2,374	(2,556)	-	(437)	730
Total funds	1,635	2,567	(2,715)	-	(437)	1,050

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

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Hart Community Primary School	142	120
St Peter's Elwick C of E School	118	103
Benedict Biscop C of E Academy	251	226
Central services	26	9
	537	458
Total before fixed asset funds and pension reserve		
Restricted fixed asset fund	1,707	1,740
Pension reserve	(1,457)	(1,148)
	787	1,050
Total	787	1,050

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	Total 2020 £000
Hart Community Primary School	476	39	18	126	659	615
St Peter's Elwick C of E School	386	38	19	110	553	570
Benedict Biscop C of E Academy	810	111	68	279	1,268	1,184
Central services	207	46	-	71	324	268
Teaching school	51	17	-	12	80	-
	1,930	251	105	598	2,884	2,637
Trust	1,930	251	105	598	2,884	2,637

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NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	1,691	1,691
Current assets	450	406	16	872
Creditors due within one year	-	(319)	-	(319)
Provisions for liabilities and charges	-	(1,457)	-	(1,457)
Total	450	(1,370)	1,707	787

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	1,739	1,739
Current assets	320	404	1	725
Creditors due within one year	-	(266)	-	(266)
Provisions for liabilities and charges	-	(1,148)	-	(1,148)
Total	320	(1,010)	1,740	1,050

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NOTES TO THE FINANCIAL STATEMENTS
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18. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £000	2020 £000
Net expenditure for the year (as per Statement of Financial Activities)	(168)	(148)
Adjustments for:		
Depreciation	76	78
Capital grants from DfE and other capital income	(21)	(20)
Defined benefit pension scheme cost less contributions payable	195	135
Defined benefit pension scheme finance cost	19	10
(Increase)/decrease in debtors	(65)	38
Increase in creditors	53	31
loss on disposals	3	-
Net cash provided by operating activities	92	124

19. Cash flows from investing activities

	2021 £000	2020 £000
Purchase of tangible fixed assets	(31)	(49)
Capital grants from DfE Group	21	20
Net cash used in investing activities	(10)	(29)

20. Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash in hand and at bank	719	637
Total cash and cash equivalents	719	637

NORTHERN LIGHTS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	637	82	719
	637	82	719
	637	82	719

22. Pension commitments

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

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

Contributions amounting to £38,000 were payable to the schemes at 31 August 2021 (2020 - £35,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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22. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £234,000 (2020 - £213,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2020 was £119,000 (2020 £105,000), of which employer's contributions totalled £86,000 (2020 - £76,000) and employees' contributions totalled £33,000 (2020 - £29,000). The agreed contribution rates for future years are 17.5% for employers and 5.5% - 12.5% for employees.

As described in note 1.10 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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.

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22. Pension commitments (continued)

Principal actuarial assumptions

Teesside Pension Fund	2021 %	2020 %
Rate of increase in salaries	3.6	3.2
Rate of increase for pensions in payment/inflation	2.6	2.2
Discount rate for scheme liabilities	1.7	1.7
Inflation assumption (CPI)	2.6	2.2
Commutation of pensions to lump sums	80.00	80.00

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

	2021 Years	2020 Years
Retiring today		
Males	21.9	21.8
Females	23.6	23.5
Retiring in 20 years		
Males	23.3	23.2
Females	25.4	25.3

Tyne and Wear Pension Fund	2021 %	2020 %
Rate of increase in salaries	4.1	3.7
Rate of increase for pensions in payment/inflation	2.6	2.2
Discount rate for scheme liabilities	1.7	1.7
Inflation assumption (CPI)	2.6	2.2
Commutation of pensions to lump sums	75.00	75.00

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

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

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22. Pension commitments (continued)

Sensitivity analysis

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

	2021 £000	2020 £000
Discount rate +0.1%	(102)	(79)
Discount rate -0.1%	105	82
Mortality assumption - 1 year increase	(123)	(91)
Mortality assumption - 1 year decrease	125	92
CPI rate +0.1%	88	69
CPI rate -0.1%	(87)	(66)
	<u> </u>	<u> </u>

The Trust's share of the assets in the scheme

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

	2021 £000	2020 £000
Equities	1,157	870
Government bonds	25	22
Corporate bonds	238	214
Property	141	125
Cash and other liquid assets	99	74
Other assets	154	116
	<u> </u>	<u> </u>
Total market value of assets	<u>1,814</u>	<u>1,421</u>

The actual return on scheme assets was £290,000 (2020 - £160,000).

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

	2021 £000	2020 £000
Current service cost	(281)	(211)
Interest income	25	29
Interest cost	(44)	(39)
	<u> </u>	<u> </u>
Total amount recognised in the Statement of Financial Activities	<u>(300)</u>	<u>(221)</u>

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22. Pension commitments (continued)

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

	2021 £000	2020 £000
At 1 September 2020	2,569	2,051
Current service cost	281	211
Interest cost	44	39
Employee contributions	33	29
Actuarial losses	360	248
Benefits paid	(16)	(9)
	3,271	2,569
At 31 August 2021	3,271	2,569

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

	2021 £000	2020 £000
At 1 September 2020	1,421	1,485
Interest income	25	29
Actuarial gains/(losses)	265	(189)
Employer contributions	86	75
Employee contributions	33	29
Benefits paid	(16)	(9)
	1,814	1,421
At 31 August 2021	1,814	1,421

23. Operating lease commitments

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

	2021 £000	2020 £000
Amounts due within one year	5	9
Amounts due in two and five years	2	-
	7	9
	7	9

24. Members' liability

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

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25. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Jacksons Commercial & Private Law — a company in which P Clark is a partner:

- The Trust purchased HR and employment advice from Jacksons Commercial and Private Law totalling £4,500 (2020: £5,600) during the period. The amount outstanding at 31 August 2021 was £nil (2020: £nil)
- The Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Clark neither participated in, nor influenced
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2020
- The element above £2,500 has been provided 'at no more than cost' and Jacksons Commercial and Private Law Firm has provided a statement of assurance confirming this

In entering into these transactions, the Trust has complied with the requirements of the Academies Financial Handbook 2020.

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26. Teaching school trading account

	2021 £000	2021 £000	2020 £000	2020 £000
Income				
Other income				
Income	80		-	
Total income		80		-
Expenditure				
Direct expenditure				
Direct staff costs	51		-	
Other expenditure				
Other staff costs	17		-	
Other support costs	12		-	
Total other expenditure	<u>29</u>		<u>-</u>	
Total expenditure		<u>80</u>		<u>-</u>
Surplus from all sources		-		-
Teaching school balances at 1 September 2020		<u>-</u>		<u>-</u>
Teaching school balances at 31 August 2021		<u><u>-</u></u>		<u><u>-</u></u>