

**Company Registration No. 07909140 (England and Wales)**

**NORTHERN LIGHTS LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

# NORTHERN LIGHTS LEARNING TRUST

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# NORTHERN LIGHTS LEARNING TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Rev. S Bain (resigned 18 October 2018)  
R Thorndyke  
P Blackburn  
B Hart  
Ven B. Cooper (appointed 19 October 2018)  
M. Stouph

### Directors

M Stouph (Chair of Trustees )  
J Murray (Resigned 26 April 2019)  
P Thompson (Accounting Officer, CEO) (Resigned 22 April 2019)  
P Procter (Resigned 26 September 2018)  
P R Clark (Resigned 4 April 2019)  
P N Farquhar (Chair of Finance)  
C Inkster  
P N Olsen  
D W Smith (Resigned 7 February 2019)  
J Heaton (Accounting Officer, CEO) (Appointed 23 April 2019)  
S Lymer (Appointed 17 October 2019)  
K Hammond (Appointed 3 December 2019)

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

Rev. D Tolhurst (Chair) (Ex-officio)  
S Armstrong (Ex Officio Headteacher)  
- J Logan (parent elected, resigned 1st February 2019)  
Rev. S Thorp (resigned 5th October 2019)  
Councillor C Marshall  
H Anderson (parent elected)  
G Clark (staff elected)  
G Petrie  
L Norton (staff elected)  
G Arundel  
A Cooper (appointed 22nd November 2018)  
D Holmes (appointed 8th February 2019))

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

C Reid (Chair, appointed 1st November 2018)  
E Wallace (staff elected 4th December 2018)  
J Burbury (Ex-officio appointed 1st November 2018)  
J Brash (appointed 13th November 2018)  
K Smith (appointed 1st November 2018)  
L Tiplady (appointed 13th November 2018)  
P Dickson (appointed 13th November 2018)  
S Leighton (staff elected 13th November 2018)  
K Hill (Ex-Officio Headteacher appointed 1st November 2018)  
S Storm (parent elected 11th July 2019)  
K Horne (appointed 4th April 2019)  
T Wylie (appointed 11th July 2019)

# NORTHERN LIGHTS LEARNING TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Senior management team

- CEO/Executive Headteacher	P Thompson (resigned 22 April 2019)
- CEO/Executive Headteacher	J Heaton (appointed 23 April 2019)
- Executive Headteacher	J Heaton (until 22 April 2019)
- Headteacher Benedict Biscop CE Academy	S Armstrong
- Head of School Hart Primary and St Peter's Elwick CofE School	K Hill
- Deputy Headteacher Benedict Biscop CE Academy	G Clark (appointed 23 April 2019)
- Assistant Headteacher Benedict Biscop CE Academy	G Clark (until 22 April 2019)
- Assistant Head of School Hart Primary	S Leighton (appointed 23rd April 2019)
- Assistant Head of School St Peter's Elwick Cof E School	V Wilson (appointed 23rd April 2019)
- Chief Financial Officer (CFO)	H Swinhoe (maternity absence until 3rd December 2018)
- Assistant Headteacher	R Hunt

**Company secretary** C Henderson

**Company registration number** 07909140 (England and Wales)

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

### Academies operated

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

### Location

Hartlepool  
Hartlepool  
Sunderland

### Principal

Mrs Jo Heaton  
Mrs Jo Heaton  
Mrs Sarah Armstrong

### Independent auditor

Baldwins Audit Services  
Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB

### Bankers

Lloyds Bank Plc  
25 Gresham Street  
London  
EC2V 7HN

### Solicitors

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

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. 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 (balanced and broad based curriculum). The Academies are at the heart of the communities, promoting British values.

The academies combined pupil capacity is 480 including Nursery and had a roll of 478 in the school census on 16th May 2019.

#### **Structure, governance and management**

##### Constitution

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

Details of the Directors who served throughout the period between 1st September 2018 and 31 August 2019, 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 or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as Directors of the Trust. The indemnity is unlimited.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Method of recruitment and appointment or election of directors

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

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

The Trust Members are responsible for appointing the 9 Directors in discussion with the body they represent in accordance with the composition set out in Article 45 onwards. When vacancies arise the Members are able to appoint directors where their skills and expertise are deemed beneficial to trust operations. An application and due diligence process will be undertaken to ensure any future board members share the ethos and values of the trust and to ensure their appointment will bring added value to the trust board.

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

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

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

A formal policy for induction and training of Directors has been agreed. The training and induction provided for new Directors depends on their existing experience. Training is provided by South Tyneside Council through their training programme (which is open to all Directors). The following training has specifically taken place for some or all of our Directors this year:

Executive Educators Building and Leading a Sustainable MAT  
Directors' Finance Responsibilities  
Structure and Growth of MAT's  
Safeguarding

#### Organisational structure

The Trust's unified management structure has been reviewed during 2018-19 and consists of 3 levels:

- the Directors,
- the CEO and CFO,
- the Headteachers and Senior Leadership Teams (SLT).

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

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

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

The CEO is the Accounting Officer.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2019*

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

The Directors review the pay and remuneration policy annually following the guidance of School Teachers Pay and Conditions (STPC) and National Agreement on Pay and Conditions of Service for Local Government Services (Green Book)

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

### Trade union facility time

As Northern Lights Learning Trust employs more than 49 full time equivalent employees it must disclose information with regard to trade union facility time. There was no trade union official throughout the period within the Sunderland school. Northern Lights Learning Trust commissions such time within its Hartlepool schools via service level agreements rather than have employees undertake such work.

### Related parties and other connected charities and organisations

Where any directors should declare an interest, procedures are in place to address this. The Academy have adopted a policy that if there are any interests declared, the trustee would remove themselves from the decision making process.

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 the lead primary school with Whitburn CofE Academy in the Prince Bishop Teaching School Alliance which provides continuous professional development and school to school support to a range of partners and schools.

Related parties are declared on the website and further detail can be found in Note 22.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Objectives and activities**

#### Objects and aims

The principal objective and activity of the charitable company, The Northern Lights Learning Trust, is to provide outstanding education for pupils of different abilities between the ages of 3-11. In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education.

At the start of 2018-19, there was one academy within the Trust – Benedict Biscop CE Academy and this is where the Head Office of the Trust is situated. In November 2018 two schools, Hart Primary School and St Peter's Elwick CofE Primary School converted to academies and joined the trust

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 various childcare facilities. All academies offer pupils activities and experiences beyond the school day, allowing many pupils of all ages to participate in a variety of experiences which enhance learning and social development.

All three academies organise various visits to develop learning beyond the classroom.

#### **Mission**

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.

Trust Aims to support all of our academies to:

Promote values within the schools, in line with their faith school status, so that everyone develops confidence in their own ability, with healthy self-esteem, working collaboratively, showing tolerance, commitment, responsibility, respect and care for everyone.

Stimulate in each child a sense of curiosity and excitement about the world and to encourage him/her to search for truth, meaning and purpose in life.

Encourage each member of the school community to develop their full potential by promoting the highest standards of achievement in all areas, to enable pupils to grow and achieve fullness of life through discovering and developing their talents.

Provide a broad and balanced curriculum which will develop lively enquiring minds to prepare each child to meet the challenges of the future with confidence.

Provide a welcoming, stimulating learning environment in which the contributions of all members of the school community are valued and celebrated.

Develop strong links and positive relationships with governors, parents, the Church, local industry and local communities.

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



# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Objectives, strategies and activities

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

Objectives for 2018-19 were specifically as follows and are linked to the Strategic Plan;

To improve standards in Reading, Writing and Mathematics so that year on year more pupils reach the expected level and exceed.

To secure high quality teaching and learning of a rich and broad curriculum in each academy.

To ensure that pupils at risk of underachieving make good or better progress.

To strengthen the distinctiveness of our academies.

Ensure all learners apply their learning across the curriculum, deepening understanding.

Increase in % pupils making accelerated progress.

Tracking procedures for English and Mathematics are effective and accurate

Sustain the high quality of teaching in all year groups.

To embed high quality governance at Local Governing Body, focused clearly on raising standards.

To empower all leaders to lead the improvement journey within and beyond their academies, as they join the Trust.

To ensure effective governance across the Trust, by reviewing members and trustees, following skills audit.

### 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.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### Strategic report

#### Achievements and performance

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

The trust has welcomed two primary schools Hart Primary and St Peter's Elwick CofE Primary on 1st November 2018.

As a result of succession planning a new CEO was appointed by the Directors and took up post on 23rd April 2019.

The trust has reviewed its governance arrangements to ensure they are fit for purpose. Local governance structure now consists of a Finance group and a standards group

The scheme of delegation was reviewed to ensure clarity of delegated powers.

Trust Performance for 2018-19:

Attainment	Benedict Biscop CE Academy					Hart Primary				St Peter's Elwick CofE Primary					
	R	W	M	SPA G	R/W/ M	R	W	M	SPA G	R/W/ M	R	W	M	SPA G	R/W/ M
Rec	88%	84%	87%			88%	88%	88%			89%	89%	89%		
Rec GLD	84%					88%				89%					
Y1 Phonics Check	97%					87%				92%					
Y2 Expected -	89%	89%	89%	88%	89%	75%	75%	81%	75%	69%	87%	87%	93%	93%	80%
Y2 Greater Depth	43%	43%	40%	43%	43%	31%	31%	25%	31%	25%	33%	33%	40%	33%	20%
Y6 Expected	97%	100%	100%	97%	97%	86%	86%	93%	86%	86%	92%	92%	100%	92%	85%
Y6 Greater Depth	71%	65%	52%	84%	42%	50%	36%	43%	57%	21%	30%	23%	31%	62%	15%

The Trust has become a Trust of 3 schools in this period, adding two strong performing schools (Hart Primary and St. Peter's Elwick CofE Primary) to the already high performing Benedict Biscop CE Academy. The Trust has reviewed aspects of its operation as a result.

The Chief Executive Officer retired in April 2019 and the new CEO appointed into post is an NLE, experienced executive school leader with wide networks across the region, including working with the Dfe as Vice Chair of the Primary Headteacher Reference Group and sitting on the Expert Advisory Group for Recruitment and Retention along with sitting on the Durham Diocese Board of Education.

Trust data for outcomes in 2019 at all statutory assessment points is very strong. All Trust average outcomes are above National with strong performance for all pupils and groups of pupils. Data for Greater Depth Trust average is also above National Average.

The three schools have worked together to develop Inspire Maths in Hart and St Peter's Elwick this academic year as well as ensuring Benedict Biscop maintained high standards during change in leadership.

The Trust review held in July 2019 was positive and a conversation about the trust becoming approved as a sponsor was held.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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

Most of the Academy's income is received from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 27. Details of all grants and income received can be found in notes 3 to 6.

During the year ended 31 August 2019 expenditure amounting to £2,306,049 was incurred or accrued, including depreciation. This was offset by grants receivable from the ESFA, the Local Authority and income from the breakfast club, afterschool clubs and wrap around nursery education used to ensure this business is sustainable.

At 31 August 2019 the net book value of fixed assets was £1,767,573. The assets were used exclusively to provide education and associated services to the pupils of the Academy.

Key Performance Indicator	Benedict Biscop	Hart	ST Peters	TRUST
GAG Funding	£862,828	£376,609	£392,893	£1,632,330
Total Revenue Funding	£1,249,552	£613,301	£539,117	£2,272,401
Total Staffing costs	£825,421	£387,995	£345,149	£1,651,486
Reserves as at 31/8/19	£193,148	£125,530	£105,013	£429,755
Total costs as a % of total funding	95%	80%	81%	94%
Reserves as % of GAG	22%	33%	26%	26%

#### Going concern

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

#### **Financial review**

The Academy made an operating surplus in the year ended 31 August 2019 of £227,865 including conversion transfers of £221,780 on unrestricted funds and £35,082 on restricted general funds. Fund balances held at 31 August 2019 were £429,755, comprising restricted reserves of £143,529 and unrestricted reserves of £286,226. Some of the reserves are earmarked for furnishing future building development at Benedict Biscop CE Academy.

Total income, excluding the donated assets, in the period was £2,534,773 of which £1,796,337 came from the ESFA revenue grants and £213,253 from other government grants. As the majority of the grant income is generated by pupil numbers it is imperative to ensure that pupil numbers remain high and vacancies are filled. There was 1 successful appeal for the September 2019 intake.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the trusts objectives.

The trust has a Risk Register in place which identifies all risks associated with the management and operational systems and procedures, both financial and non-financial. This register is reviewed regularly to recognise the key risks and evaluate the controls implemented to mitigate those risks.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Reserves policy

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

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

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

The trust are aiming to build up a reserve of about £140000 over a 5 year period. This is approximately 1 month of staffing salary costs. We have a policy of replacing and improving the building for the benefit of the pupils currently within the academies and consider this to be a reasonable amount. If the Trust expands, this figure will grow in proportion.

There are no funds materially in deficit.

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

The amount of reserves shown is above the 5 year target of £140,000. This has been realised through prudent financial planning and is currently £429,755.

The amount of total funds at 31 August 2019 was £429,755

The amount of restricted general funds at 31 August 2019 were £143,529

The amount of unrestricted funds at 31 August 2019 were £286,226

The trust have reviewed the balance on restricted general funds (excluding pension reserve) plus the balance of unrestricted funds at 31 August 2019.

The total of restricted and unrestricted funds (excluding pension reserve) at 31 August 2019, was £429,755.

The reserves policy is reviewed annually.

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Investment policy

There have been no investments during 2018-19. Any investments made will be invested in accordance with the investment policy.

The Trust has an approved Investment Policy and if the Trust is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis, taking ethical considerations into account and need Trustee approval.

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

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

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

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

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

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Principal risks and uncertainties

The Trust maintains a risk management plan which is reviewed regularly by the Finance, Audit and Resource Management Committee to ensure satisfactory arrangements are in place to manage the risk.

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

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

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

During 2018-19, an internal Health and Safety audit indicated minimum risks and best practice, as did an Asbestos Management review, Fire Risk Assessment and Lightning Risk System.

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

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

During 2018-19, succession planning at leadership level has been further secured. A middle leader has commenced NPQML and another leader has commenced NPQSL which is helping to ensure that outcomes for pupils remain outstanding. The priority continued to be pupil achievement and this has been maintained through rigorous focus and monitoring.

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

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

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### **Fundraising**

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

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

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

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

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

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

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

The establishment of our Trust is a priority for 2019-2020 due to 2 schools joining the Trust in November 2018. Systems are planned to be developed to best support the Trust as a Multi Academy Trust. Policies and procedures are being further developed and embedded.

The Trust development plan focuses on these main priorities in 2019-2020:

Securing the vision and values and embedding these with all stakeholders.

Developing clear communication channels, sharing of excellent practice and consistency across the Trust.

To ensure all pupils receive the appropriate curriculum for their school community and retain high standards in each school.

To develop the Trust as an employer of choice within our local communities.

To review shared procurement opportunities to ensure best value for money and opportunities for economies of scale.

To systemise compliance procedures and policies to ensure clarity and manageability.

To develop governance further through recruitment and training appropriate to role to enhance skills of the Board of Directors and Local Governing Bodies.

To further develop opportunities to support other schools, including through sponsorship.

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

#### **Funds held as custodian trustee on behalf of others**

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

# NORTHERN LIGHTS LEARNING TRUST

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Auditor**

Insofar as the Directors are aware:

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

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

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 29/12/19..... and signed on its behalf by:



M Stouph

**Chair of Trustees**



# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

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

The board of directors has delegated the day-to-day responsibility for Northern Lights Learning Trust, to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between Northern Lights Learning Trust, its academies 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 2018-19. Attendance during the period at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
M Stouph (Chair of Trustees )	8	8
J Murray (Resigned 26 April 2019)	5	6
P Thompson (Accounting Officer, CEO) (Resigned 22 April 2019)	6	6
P Procter (Resigned 26 September 2018)	0	0
P R Clark (Resigned 4 April 2019)	4	8
P N Farquhar (Chair of Finance)	8	8
C Inkster	3	8
P N Olsen	5	8
D W Smith (Resigned 7 February 2019)	2	5
J Heaton (Accounting Officer, CEO) (Appointed 23 April 2019)	2	2
S Lymer (Appointed 17 October 2019)		
K Hammond (Appointed 3 December 2019)		

During 2018-19 the trust has ensured a greater separation of duties by appointing a new Chair of Finance following the successful Director appointments in 2017-18.

A 5 year strategic plan for the Northern Lights Learning Trust is in place and commenced 2016-17. This is reviewed annually with a clear focus on growing the Trust, strengthening governance and ensuring there are appropriate systems and procedures to sustain measured growth.

During 2018-19, further consideration was given to extending Benedict Biscop CE Academy in line with new local housing developments and two other schools joined the Trust on 1st November 2018.

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

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

The schools who joined the trust have used the same shared programme for finance from conversion in November 2018. A new MIS system was introduced in November 2018 in all schools in the trust. As these systems are cloud based, it has ensured greater communication, increased confidentiality of materials and reports, streamlining of reports and greater efficiency

# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Attendance at meetings in the year was as follows:

<b>Directors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
M Stouph (Chair of Trustees )	7	7
J Murray (Resigned 26 April 2019)	4	5
P Thompson (Accounting Officer, CEO) (Resigned 22 April 2019)	5	5
P Procter (Resigned 26 September 2018)	0	0
P R Clark (Resigned 4 April 2019)	0	4
P N Farquhar (Chair of Finance)	7	7
P N Olsen	5	6
J Heaton (Accounting Officer, CEO) (Appointed 23 April 2019)	2	2

During 2018-19, the delegation to the Local Governing Body's has grown. Sub committees of the LGBs; Finance and General Purposes and Raising Achievement, have been implemented. Membership on these committees has been determined by skills of local governors as well as recruitment of new governors with the required skills.

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

### **Review of value for money**

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

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

Restructuring admin staff in year to ensure roles and responsibilities are clear with savings made on salaries following new roles and responsibilities.

Not replacing 2 vacancies that have arisen in year, however ensured standards remained high by distributing responsibilities across existing staff

Continuing the contract for Sports coach for 1 hour per day saving on lunchtime supervisory costs, whilst developing healthy physical activity, reducing incidents of poor behaviour.

Reviewing all SLAs with schools joining the Trust to negotiate savings on conversion and over the initial two years.

Review MIS systems and negotiated with provider to bring system in across three schools in November 2018.

# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Northern Lights Learning Trust for the period of 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The board of directors have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

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

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

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

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

On a termly basis the auditor reports to the board of directors, through the Finance, Audit and Resource Management committee, on the operation of systems of control and on the discharge of the board of directors' financial responsibilities.

# NORTHERN LIGHTS LEARNING TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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

### **Review of effectiveness**

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

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

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

Approved by order of the board of directors on 09/12/19 and signed on its behalf by:



M Stouph  
Chair of Trustees



J Heaton  
Accounting Officer, CEO

# NORTHERN LIGHTS LEARNING TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2019**

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As accounting officer of Northern Lights Learning Trust I have considered my responsibility to notify the academy trust board of directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

..... a/n/a .....

# NORTHERN LIGHTS LEARNING TRUST

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

*FOR THE YEAR ENDED 31 AUGUST 2019*

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### **Opinion**

We have audited the accounts of Northern Lights Learning Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

# NORTHERN LIGHTS LEARNING TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the accounts**

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

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

# NORTHERN LIGHTS LEARNING TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Use of our report

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

*Baldwins Audit Services*

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

*Graham Fitzgerald*  
.....

**Statutory Auditor**

Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB



# **NORTHERN LIGHTS LEARNING TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2019***

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In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern Lights Learning Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Northern Lights Learning Trust's funding agreement with the Secretary of State for Education dated 23 January 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

# NORTHERN LIGHTS LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

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The work undertaken to draw to our conclusion includes:

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

### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baldwins Audit Services*

**Reporting Accountant**

Baldwins Audit Services

Dated: .....17/12/19.....

# NORTHERN LIGHTS LEARNING TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	6,809	-	40,662	47,471	16,579
Donations - transfer from local authority on conversion	24	221,710	(76,000)	1,445,500	1,591,210	-
Charitable activities:						
- Funding for educational operations	4	115,938	2,033,643	-	2,149,581	1,246,001
Other trading activities	5	115,800	-	-	115,800	71,307
Investments	6	211	-	-	211	117
<b>Total</b>		<b>460,468</b>	<b>1,957,643</b>	<b>1,486,162</b>	<b>3,904,273</b>	<b>1,334,004</b>
<b>Expenditure on:</b>						
Raising funds	7	179,277	-	-	179,277	101,148
Charitable activities:						
- Educational operations	9	53,326	2,111,561	74,885	2,239,772	1,211,717
<b>Total</b>	<b>7</b>	<b>232,603</b>	<b>2,111,561</b>	<b>74,885</b>	<b>2,419,049</b>	<b>1,312,865</b>
<b>Net income/(expenditure)</b>		<b>227,865</b>	<b>(153,918)</b>	<b>1,411,277</b>	<b>1,485,224</b>	<b>21,139</b>
Transfers between funds	17	(5,034)	(14,470)	19,504	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(278,000)	-	(278,000)	76,000
<b>Net movement in funds</b>		<b>222,831</b>	<b>(446,388)</b>	<b>1,430,781</b>	<b>1,207,224</b>	<b>97,139</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		63,395	23,917	341,079	428,391	331,252
Total funds carried forward		286,226	(422,471)	1,771,860	1,635,615	428,391

# NORTHERN LIGHTS LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2018 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	9,847	-	6,732	16,579
Charitable activities:					
- Funding for educational operations	4	90,972	1,155,029	-	1,246,001
Other trading activities	5	71,307	-	-	71,307
Investments	6	117	-	-	117
<b>Total</b>		<u>172,243</u>	<u>1,155,029</u>	<u>6,732</u>	<u>1,334,004</u>
<b>Expenditure on:</b>					
Raising funds	7	101,148	-	-	101,148
Charitable activities:					
- Educational operations	9	47,132	1,118,313	46,272	1,211,717
<b>Total</b>	7	<u>148,280</u>	<u>1,118,313</u>	<u>46,272</u>	<u>1,312,865</u>
<b>Net income/(expenditure)</b>		23,963	36,716	(39,540)	21,139
Transfers between funds	17	(22,529)	(22,529)	45,058	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	76,000	-	76,000
<b>Net movement in funds</b>		1,434	90,187	5,518	97,139
<b>Reconciliation of funds</b>					
Total funds brought forward		61,961	(66,270)	335,561	331,252
Total funds carried forward		<u>63,395</u>	<u>23,917</u>	<u>341,079</u>	<u>428,391</u>

# NORTHERN LIGHTS LEARNING TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		1,767,573		341,079
<b>Current assets</b>					
Debtors	14	126,187		67,229	
Cash at bank and in hand		543,181		231,006	
		<u>669,368</u>		<u>298,235</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(235,326)		(111,923)	
<b>Net current assets</b>			434,042		186,312
<b>Net assets excluding pension liability</b>			<u>2,201,615</u>		<u>527,391</u>
Defined benefit pension scheme liability	19		(566,000)		(99,000)
<b>Total net assets</b>			<u>1,635,615</u>		<u>428,391</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			1,771,860		341,079
- Restricted income funds			143,529		122,917
- Pension reserve			(566,000)		(99,000)
<b>Total restricted funds</b>			<u>1,349,389</u>		<u>364,996</u>
<b>Unrestricted income funds</b>	17		286,226		63,395
<b>Total funds</b>			<u>1,635,615</u>		<u>428,391</u>

The accounts on pages 26 to 52 were approved by the directors and authorised for issue on 09/12/19 and are signed on their behalf by:



M Stouph  
Chair of Trustees

Company Number 07909140

# NORTHERN LIGHTS LEARNING TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		105,471		122,980
Cash funds transferred on conversion			221,710		-
			<u>327,181</u>		<u>122,980</u>
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		211		117	
Capital grants from DfE Group		40,662		6,732	
Purchase of tangible fixed assets		(55,879)		(51,790)	
		<u></u>		<u></u>	
<b>Net cash used in investing activities</b>			<u>(15,006)</u>		<u>(44,941)</u>
<b>Net increase in cash and cash equivalents in the reporting period</b>			<u>312,175</u>		<u>78,039</u>
Cash and cash equivalents at beginning of the year			231,006		152,967
			<u>543,181</u>		<u>231,006</u>
<b>Cash and cash equivalents at end of the year</b>			<u><u>543,181</u></u>		<u><u>231,006</u></u>
<b>Relating to:</b>					
Bank and cash balances			542,872		230,770
Short term deposits			309		236
			<u><u>543,181</u></u>		<u><u>231,006</u></u>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

#### 1.2 Going concern

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

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

#### 1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Hart Community Primary School and St Peters Elwick CE Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

#### 1.4 Income

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

##### Grants

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

#### Sponsorship income

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

#### Donations

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

#### Other income

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

#### Donated goods, facilities and services

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

#### Donated fixed assets

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

#### 1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.



# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### Expenditure on raising funds

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

#### Charitable activities

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

### 1.6 Tangible fixed assets and depreciation

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

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

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

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

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

(Continued)

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

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

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

#### 1.7 Liabilities

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

#### 1.8 Leased assets

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

#### 1.9 Financial instruments

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

##### Financial assets

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

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

##### Financial liabilities

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

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

#### 1.10 Taxation

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### 1.12 Fund accounting

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

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

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

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £49,000 as at 31 August 2019.

#### GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. Although there is some judgement in how this equalisation works and is reflected in the LGPS valuations, actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities and they have included an approximate calculation of the GMP valuation. This has increased the LGPS liability by £2,000 as at 31 August 2019.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	40,662	40,662	6,732
Other donations	6,809	-	6,809	9,847
	<u>6,809</u>	<u>40,662</u>	<u>47,471</u>	<u>16,579</u>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,632,330	1,632,330	855,792
Start up grants	-	-	-	50,000
Other DfE group grants	-	164,007	164,007	96,228
	-	1,796,337	1,796,337	1,002,020
<b>Other government grants</b>				
Local authority grants	-	213,253	213,253	130,121
<b>Other funding</b>				
Catering income	44,923	-	44,923	32,362
Other incoming resources	71,015	24,053	95,068	81,498
	115,938	24,053	139,991	113,860
<b>Total funding</b>	115,938	2,033,643	2,149,581	1,246,001

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Catering income	356	-	356	602
Music tuition	8,279	-	8,279	6,920
Educational trips	22,299	-	22,299	11,458
Other income	84,866	-	84,866	52,327
	115,800	-	115,800	71,307

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	211	-	211	117

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
- Direct costs	105,825	-	73,452	179,277	101,148
Academy's educational operations					
- Direct costs	1,043,638	-	167,587	1,211,225	803,252
- Allocated support costs	573,058	230,398	225,091	1,028,547	408,465
	<u>1,722,521</u>	<u>230,398</u>	<u>466,130</u>	<u>2,419,049</u>	<u>1,312,865</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	8,000	5,000
- Other services	6,400	4,400
Operating lease rentals	10,645	8,398
Depreciation of tangible fixed assets	74,885	46,272
Net interest on defined benefit pension liability	5,000	3,000

### 8 Central services

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

- human resources
- payroll
- finance (accounting services)
- governance for central services
- safeguarding
- health and safety

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

- flat percentage of GAG income 6%

The amounts charged during the year were as follows:

	2019 £	2018 £
Hart Community Primary School	22,513	-
St Peter's Elwick C of E School	23,454	-
Benedict Biscop C of E Academy	42,956	-
	<u>88,923</u>	<u>-</u>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	-	1,211,225	1,211,225	803,252
<b>Support costs</b>				
Educational operations	53,326	975,221	1,028,547	408,465
	<u>53,326</u>	<u>2,186,446</u>	<u>2,239,772</u>	<u>1,211,717</u>

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	573,058	107,189
Depreciation	74,885	46,272
Premises costs	155,513	95,799
Other support costs	152,160	123,862
Governance costs	72,931	35,343
	<u>1,028,547</u>	<u>408,465</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	1,296,402	689,094
Social security costs	114,073	64,794
Pension costs	310,448	134,874
Amounts paid to employees	<u>1,720,923</u>	<u>888,762</u>
Agency staff costs	1,598	-
Amounts paid to staff	<u>1,722,521</u>	<u>888,762</u>
Staff development and other staff costs	41,965	14,058
Total staff expenditure	<u>1,764,486</u>	<u>902,820</u>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

(Continued)

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	40	19
Administration and support	11	5
Management	7	5
	<u>58</u>	<u>29</u>

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	-
£90,001 - £100,000	-	1
	<u>1</u>	<u>1</u>

#### Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £517,144 (2018: £286,244).

### 11 Directors' remuneration and expenses

One or more of the directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as directors.

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

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

Remuneration	£60,001 - £65,000 (2018: £90,001 - £95,000)
Employer's pension contributions	£10,001 - £15,000 (2018: £10,001 - £15,000)

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

Remuneration	£25,001 - £30,000 (2018: Nil)
Employer's pension contributions	£0 - £5,000 (2018: Nil)

During the year, J Heaton was reimbursed £120 (2018: Nil) in travel expenses. No other expenses were reimbursed to trustees.

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



# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 12 Directors and officers insurance

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

### 13 Tangible fixed assets

	Leasehold land	Buildings improvements	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2018	-	270,499	124,167	355,302	749,968
Transfer on conversion	1,445,500	-	-	-	1,445,500
Additions	-	15,255	22,090	18,534	55,879
At 31 August 2019	1,445,500	285,754	146,257	373,836	2,251,347
<b>Depreciation</b>					
At 1 September 2018	-	17,265	117,057	274,567	408,889
Charge for the year	25,376	6,933	5,023	37,553	74,885
At 31 August 2019	25,376	24,198	122,080	312,120	483,774
<b>Net book value</b>					
At 31 August 2019	1,420,124	261,556	24,177	61,716	1,767,573
At 31 August 2018	-	253,234	7,110	80,735	341,079

### 14 Debtors

	2019 £	2018 £
Trade debtors	32,596	12,350
VAT recoverable	38,635	17,234
Prepayments and accrued income	54,956	37,645
	126,187	67,229

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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<b>15 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	73,652	30,334
Other taxation and social security	27,795	14,869
Other creditors	50,570	23,935
Accruals and deferred income	83,309	42,785
	<u>235,326</u>	<u>111,923</u>
	<u><u>235,326</u></u>	<u><u>111,923</u></u>
<b>16 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	50,226	26,620
	<u>50,226</u>	<u>26,620</u>
	<u><u>50,226</u></u>	<u><u>26,620</u></u>
Deferred income at 1 September 2018	26,620	24,162
Released from previous years	(26,620)	(24,162)
Resources deferred in the year	50,226	26,620
	<u>50,226</u>	<u>26,620</u>
<b>Deferred income at 31 August 2019</b>	<b>50,226</b>	<b>26,620</b>
	<u><u>50,226</u></u>	<u><u>26,620</u></u>

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 17 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

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

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

Other restricted funds include Educare, Breakfast and After School Clubs and Schoolz Out Funding.

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

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

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

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

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

The academy's unrestricted and general restricted funds, excluding pension fund, were £429,755 as at 31 August 2019.

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

(Continued)

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

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds (Continued)

#### Total funds analysis by academy

	2019	2018
	£	£
Fund balances at 31 August 2019 were allocated as follows:		
Hart Community Primary School	125,530	-
St Peter's Elwick C of E School	105,013	-
Benedict Biscop C of E Academy	193,148	186,312
Central services	6,064	-
	<u>429,755</u>	<u>186,312</u>
Total before fixed assets fund and pension reserve	429,755	186,312
Restricted fixed asset fund	1,771,860	341,079
Pension reserve	(566,000)	(99,000)
	<u>1,635,615</u>	<u>428,391</u>
Total funds	<u><u>1,635,615</u></u>	<u><u>428,391</u></u>

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Hart Community Primary School	269,105	118,890	27,137	72,640	487,772	-
St Peter's Elwick C of E School	235,681	109,468	15,227	73,726	434,102	-
Benedict Biscop C of E Academy	618,389	207,032	81,331	286,287	1,193,039	1,233,593
Central services	26,288	29,670	1,925	58,368	116,251	-
	<u>1,149,463</u>	<u>465,060</u>	<u>125,620</u>	<u>491,021</u>	<u>2,231,164</u>	<u>-</u>
	<u><u>1,149,463</u></u>	<u><u>465,060</u></u>	<u><u>125,620</u></u>	<u><u>491,021</u></u>	<u><u>2,231,164</u></u>	<u><u>-</u></u>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Analysis of net assets between funds

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

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

### 19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £27,113 (2018: £13,349) were payable to the schemes at 31 August 2019 and included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

#### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

#### **Scheme Changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £174,548 (2018: £79,977).

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

#### **Local Government Pension Scheme**

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



# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

As described in note 24 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Total contributions made	2019 £	2018 £
Employer's contributions	62,000	25,000
Employees' contributions	26,000	11,000
Total contributions	<u>88,000</u>	<u>36,000</u>

Principal actuarial assumptions	2019	2018	2019	2018
	% Teesside	% Teesside	% Tyne & Wear	% Tyne & Wear
Rate of increase in salaries	3.0	3.2	3.5	3.5
Rate of increase for pensions in payment/ inflation	2.0	2.2	2.0	2.0
Discount rate for scheme liabilities	1.9	2.9	1.9	2.8
Inflation assumption (CPI)	2.0	2.2	2.0	2.0

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

	2019	2018	2019	2018
	Years Teesside	Years Teesside	Years Tyne & Wear	Years Tyne & Wear
Retiring today				
- Males	21.9	22.9	21.9	22.9
- Females	23.8	25.0	25.1	26.4
Retiring in 20 years				
- Males	23.6	25.1	23.6	25.1
- Females	25.7	27.3	26.9	28.7

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

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

	2019	2018
	£	£
Discount rate + 0.1%	1,996,000	863,000
Discount rate - 0.1%	2,108,000	913,000
Mortality assumption + 1 year	1,983,000	863,000
Mortality assumption - 1 year	2,120,000	913,000
CPI rate + 0.1%	2,086,000	904,000
CPI rate - 0.1%	2,016,000	873,000

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

	2019	2018
	Fair value	Fair value
	£	£
Equities	1,039,710	532,575
Government bonds	35,670	31,560
Corporate bonds	99,180	88,368
Cash	96,375	17,358
Property	126,480	67,065
Other assets	87,585	52,074
<b>Total market value of assets</b>	<b>1,485,000</b>	<b>789,000</b>

The actual return on scheme assets was £93,000 (2018: £51,000).

#### Amount recognised in the Statement of Financial Activities

	2019	2018
	£	£
Current service cost	119,000	55,000
Past service cost	51,000	-
Interest income	(35,000)	(18,000)
Interest cost	40,000	21,000
<b>Total operating charge</b>	<b>175,000</b>	<b>58,000</b>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>19 Pension and similar obligations</b>	<b>(Continued)</b>	
<b>Changes in the present value of defined benefit obligations</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At 1 September 2018	888,000	851,000
Obligations acquired on conversion	609,000	-
Current service cost	119,000	55,000
Interest cost	40,000	21,000
Employee contributions	26,000	11,000
Actuarial loss/(gain)	336,000	(43,000)
Benefits paid	(18,000)	(7,000)
Past service cost	51,000	-
	<u>2,051,000</u>	<u>888,000</u>
<b>At 31 August 2019</b>	<b>2,051,000</b>	<b>888,000</b>
	<u>2,051,000</u>	<u>888,000</u>
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At 1 September 2018	789,000	709,000
Assets acquired on conversion	533,000	-
Interest income	35,000	18,000
Actuarial gain	58,000	33,000
Employer contributions	62,000	25,000
Employee contributions	26,000	11,000
Benefits paid	(18,000)	(7,000)
	<u>1,485,000</u>	<u>789,000</u>
<b>At 31 August 2019</b>	<b>1,485,000</b>	<b>789,000</b>
	<u>1,485,000</u>	<u>789,000</u>
<b>20 Reconciliation of net income to net cash flow from operating activities</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net income for the reporting period (as per the statement of financial activities)	1,485,224	21,139
Adjusted for:		
Net surplus on conversion to academy	(1,591,210)	-
Capital grants from DfE and other capital income	(40,662)	(6,732)
Investment income receivable	(211)	(117)
Defined benefit pension costs less contributions payable	108,000	30,000
Defined benefit pension scheme finance cost	5,000	3,000
Depreciation of tangible fixed assets	74,885	46,272
(Increase) in debtors	(58,958)	(12,753)
Increase in creditors	123,403	42,171
	<u>105,471</u>	<u>122,980</u>
<b>Net cash provided by operating activities</b>	<b>105,471</b>	<b>122,980</b>
	<u>105,471</u>	<u>122,980</u>

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 21 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	10,036	11,288
Amounts due in two and five years	7,433	15,193
	<u>17,469</u>	<u>26,481</u>

### 22 Related party transactions

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

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

The academy trust purchased HR and employment advice from Jacksons law totalling £3,950 (2018: £nil) during the period. The amount outstanding at 31 August 2019 was £790 (2018: £nil)

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Clark neither participated in, nor influenced

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018

The element above £2,500 has been provided 'at no more than cost' and Jacksons Law has provided a statement of assurance confirming this

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

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

# NORTHERN LIGHTS LEARNING TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 23 Members' liability

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

### 24 Conversion to an academy

On 1 November 2018 Hart Primary School and St Peter's Elwick Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Northern Lights Learning Trust from the Hartlepool Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

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

	2019 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	1,445,500
Cash	221,710
Pension scheme deficit	(76,000)
	1,591,210

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	1,445,500	1,445,500
LA budget funds	221,710	-	-	221,710
LGPS pension funds	-	(76,000)	-	(76,000)
	221,710	(76,000)	1,445,500	1,591,210

Land and buildings, where recognised, have been transferred based on local authority valuations. Other assets have been transferred to the trust under a transfer agreement at their fair value at the date of conversion.