

**NORTHERN HOUSE SCHOOL ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**



**MHA MacIntyre Hudson**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

Michael Benson	(term ended 27/09/2016)
William Powlett Smith	(commenced 27/09/2016)
Kevin Thompson	
Jon Rayman	

**Trustees / Directors**

Michael Benson	Chair	(term ended 27/09/2016)
William Powlett Smith	Chair	(commenced 27/09/2016)
Jean Carr	Vice Chair	
David Ian Barker	CEO	
Jon Rayman		
Seonaid Danziger		
Kevin Thompson	Chair of Finance & Estates Committee	
Phil Leivers		
Marshall Young		

**Senior Management Team**

David Ian Barker	CEO (Accounting Officer Role ended 30/09/2017)
Gareth Preen	Finance and Business Manager (CFO) (Chief Operating Officer (COO) and Accounting Officer commenced 01/10/2017)
Jonathan Willis	Head Teacher (Oxford)
Trevor Scott	Head Teacher (Solihull)
Fran Pass	Head Teacher (City of Wokingham)
Adam Price	Executive Headteacher (PRU and City of Wolverhampton)

**Company Name**

Northern House School Academy Trust

**Principal and registered office**

Northern House School, South Parade, Summertown, Oxford, OX2 7JN

**Central Trading Address**

Northern House School (Central Team), Valley Park Campus, Cromer Gardens, Wolverhampton, WV6 0UB

**Company registered number**

08140768 (England & Wales)

**Independent Auditors**

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

**Bankers**

Lloyds TSB, PO Box 1000, BX1 1LT

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Solicitors**

Blake Morgan, West Way, Oxford, OX2 0FB

**Responsible Officer / Assurance Officer**

Majinder Bhogal, School Financial Services, 1 Providence Place, West Bromwich, B70 9LD

**HR Legal Advisors**

Ellis Whittam, Woodhouse, Church Ln, Aldford, Chester CH3 6JD

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The trustees of Northern House School Academy Trust ("the Trust" or "the Company") present their annual report together with the audited financial statements of the Company for the year from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates five special academies in England:

- Northern House School (Oxford);
- Northern House School (Solihull);
- Northern House School (City of Wolverhampton);
- Northern House School (Wokingham);
- Northern House School (City of Wolverhampton) Primary Pupil Referral Unit

These academies have a combined pupil capacity of 409 places which are mainly commissioned through the respective local authority, although during the past 12 months there has been a growing trend of out of borough commissioned places, especially in Wolverhampton where there is growing interest in places.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Trust is a company limited by guarantee and an exempt charity. The Company's memorandum and articles of association ("the Articles") are the primary governing documents of the Academy Trust.

The Trustees of the Trust are also the Directors of the Company for the purposes of company law.

### **Members' Liability**

Each member of the Company undertakes to contribute to the assets of the 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.

### **Trustees' Indemnities**

Trustees benefit from indemnity insurance to cover the liability of the Trustees 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. The insurance is purchased through the government's RPA (Risk Protection Arrangement) scheme.

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

Trustees are appointed in accordance with the Articles and are subject to retirement after four years. They are, however, eligible for re-appointment at the meeting at which they retire, with the exception of the Accounting Officer whose appointment is contractual.

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

The training and induction provided for each new Trustee will depend on their existing experience and where necessary induction will provide training on charity, education, legal and financial matters. All Trustees of the Trust are provided with access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their roles as Trustees. The Trust will also perform an annual skills audit of Trustees. Where any gaps are identified, these are taken into account in trustee recruitment and training courses may be offered to address these issues.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Organisational Structure**

Working closely with the Accounting Officer, the Trustees are responsible for:

- establishing the Academy's strategies;
- maintaining the overall framework of policies and procedures within which the Trust operates;
- monitoring all aspects of the Trust's performance.

In other words, the Trustees help the Trust maintain a long term focus whilst challenging and supporting the Accounting Officer and the Local Governing Bodies of the Trust's Academies on their shorter term goals and plans.

The day-to-day management of the individual academies is the responsibility of the individual school Headteachers and his/her Senior Management Team.

The Local Governing Bodies ("LGBs") support and challenge the respective Headteachers in order to drive improvements and achieve various local key performance targets.

The individual schools are supported by a Central Support Function. Areas of support include Finance, HR, IT and Governance.

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

Key Management Personnel have their pay and remuneration set as follows:

- CEO through appraisals by the MAT Board;
- CFO, COO through appraisals by the CEO and the Board;
- Headteachers through appraisals led by the CEO, supported by the Local Governing Body of each school.

No Trustee or Director, with the exception of the CEO, receives pay or remuneration other than reimbursement of reasonable expenses.

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

On 1 September 2016 Kingston PRU was converted to 'Northern House School (City of Wolverhampton) Primary Pupil Referral Unit' commonly known as 'Northern House School (PRU)'.

On 1 January 2017 Southfield School was converted to 'Northern House School (Wokingham)'.

On 1 January 2017 Northern House School Academy Trust opened the 'DEN' Project (Didcot Early Nurture Base known as the DEN). This is a partnership between Willowcroft Community School (where the project is hosted) and Northern House School (Oxford), which manages and governs the project.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The Trust currently offers places to primary and secondary school aged children who have found maintaining a place in a mainstream school difficult. This breakdown usually occurs because the referring mainstream school finds that the child's behavioural difficulties made it incompatible with the education of others on its roll.

The Academy's aim is to ensure that these children receive a broad and balanced education, making up lost academic ground to the extent that each child is able. When appropriate, the Trust works with mainstream schools to arrange gradual re-integration of its pupils, though in many cases, the pathway through special education settings continues for many years.

**Objectives, Strategies and Activities**

The Trust's objectives, strategies and activities are summarised as follows:

**Education:**

- to advance the education of the pupils, to advance the education of the community and to otherwise benefit the community as per the articles of association;
- raise standards for all children by improving the quality of teaching and learning;
- ensure Senior Leaders strengthen their strategic role in order to raise standards;
- develop successful strategies for engaging and communicating with parents and the community;
- further strengthen the effectiveness of the LGBs to support and challenge the schools and fulfil their statutory duties;
- maintain a safe environment for pupils through safeguarding practices and meeting health and safety requirements;
- ensure that class-based teachers visit mainstream schools to see outstanding mainstream practice in action so that curriculum delivery in each Academy takes informed account of current mainstream practices, so assisting successful re-integration of its pupils;
- ensure that pupils are given many opportunities to learn alongside their mainstream peers through activities such as clubs, sports, musical performances, cultural events, trips and residential visits, while prioritising in school the importance of English and Maths within the context of a differentiated, engaging curriculum;
- teach fundamental British values in the Trust's schools; our Academy espouses these values and actively promotes the concepts of justice, equality, fairness and respect for differences - whether they be differences of race, religion, gender, age or sexual orientation.
- **Trust management and strategy:**
  - show evidence of high performing and consistent leadership and management throughout the Trust;
  - identify other schools seeking sponsorship and proactively work with the DfE in offering sponsorship to suitable schools;
  - ensure the CEO and CFO are available to provide support, coaching and mentoring to the Trust's Academies, staff and governing bodies.
- **Employees:**
  - ensure, through appropriate wellbeing and risk management techniques, that the safety and welfare of staff are paramount, fulfilling duty of care responsibilities of the Trustees and enabling staff to feel able and confident enough to provide an outstanding teaching and learning environment;
  - develop and improve terms and conditions of employees as far as possible and feasible;
  - provide comprehensive CPD for all staff in order for them to meet their objectives and fulfil their responsibilities.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Public Benefit**

The Trust has various letting schemes in place to allow appropriate community groups to access its facilities.

The Trust has run successful parenting groups as well as supporting schemes for disadvantaged children throughout the year. Northern House School (Solihull) and Northern House School (City of Wolverhampton) have certain facilities which are available for hire by local organisations.

The Trust has conducted a number of workshops on site during school hours for professionals in order to demonstrate best practice when seeking to meet the needs of pupils with profound and complex Social, Emotional and Mental Health (SEMH) needs. Other than Northern House School (PRU), all pupils on roll should have an Education and Health Care Plan.

The Trustees have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

**STRATEGIC REPORT**

**Achievements and Performance**

- Northern House School (Oxford):
  - following the resignation of Joanna Jones, the Local Governing Body, with the support of the Trust, appointed, after competitive interviews the then Deputy Headteacher, Jonathan Willis. His fresh outlook, as well as challenging attitude have been well received;
  - following last year's up-skilling of two less-experienced staff, both staff have now moved into more senior roles within the school, one leading the Didcot Early Nurture ('DEN') partnership, the other becoming the new Deputy Headteacher at the Academy;
  - the Academy has built on its 'outstanding' Ofsted judgement by opening the DEN partnership, which is fully managed and governed by the school;
  - in comparison to last year's KS2 SATs, the school has more than doubled the number of children making the expected standard in spelling, punctuation and grammar, more than tripled the number making the expected standard in reading, and more than quadrupled the number making the standard in mathematics and in all three areas;
  - the Academy continued to assess children's individual special educational needs, putting into place appropriate support, including the use of Pupil Premium funding to resource therapies such as art, music and play and the use of an independent Speech and Language Therapist and Occupational Therapist to provide specific language and sensory programmes for pupils;
  - the Academy successfully seconded in the School Business Manager from the Trust's Solihull Academy, who, during his time in Oxford, improved process and upskilled office staff. The seconded School Business Manager has now left the school, receiving a promotion closer to home, but the processes put in place resulted in the improvements that are now being realised, such as cashless systems, and the internal promotion of the school administrator to School Business Manager;
  - the Academy successfully shared a music teacher with Northern House School (Solihull), demonstrating that distance has not been a barrier to collaborative working;
  - held a trust-wide training day, focusing on primary pupils.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Achievements and Performance (continued):**

- Northern House School (Solihull) has:
  - received financial support that has enabled the school to take a number of pupils to Isle of Tieve, which was a successful week long residential expedition;
  - significantly reduced damage compared to pre-academy days, demonstrating the positive influence the Academy has made on improvements in behaviour;
  - been approached by the Local Authority to increase student capacity, demonstrating its faith and confidence in the school;
  - received its first Ofsted inspection, the result demonstrating the considerable improvements that have been noted, much progress having been made since the sponsored conversion in December 2014).
- Northern House School (City of Wolverhampton):
  - appointed an Executive Headteacher, leading both Northern House School (City of Wolverhampton) and Northern House School (PRU);
  - received extensive project management support from the Trust in a number of areas, including estate development, HR support, financial assistance, data protection, legal support as well as strategies to improve outcomes for pupils;
  - despite lack of Condition Improvement Fund Support, the Trust has completed extensive improvement and maintenance works to the site, following many years of neglect;
  - despite extensive flooding of the site the school minimised school closure times;
  - improved a number of safeguarding measures;
  - completely refurbished the 2<sup>nd</sup> floor of the campus, which was in an unacceptable condition for learning following sponsored conversion. The extensive conversion has resulted in the primary pupils now having their own welcoming, modern, dedicated and specialist area;
  - significantly increased pupil numbers;
  - increased the number of out of borough pupils, demonstrating an increased confidence in the provision;
  - recruited new highly qualified staff despite pressures within the market;
  - completed a reorganisation in order to manage economic and organisational pressures;
  - held a trust wide training day, focusing on secondary pupils;
  - successfully reorganised the staffing structure of the school.
- Northern House School (PRU):
  - joined Northern House School Academy Trust on 01/09/2016;
  - appointed an Executive Headteacher, leading both Northern House School (City of Wolverhampton) and Northern House School (PRU);
  - began to provide extensive support to external partners as well as the neighbouring school;
  - despite the considerable financial challenges, began to overcome the issues arising following the Local Authority's decision to withdraw the transport provision and maintained satisfactory levels of pupil attendance.
- Northern House School (Wokingham):
  - joined Northern House School Academy Trust during the year;
  - completed extensive renovation works, overcoming a number of years of neglect, including the correction of significant Health and Safety issues;
  - received consent from the DfE to reopen the residential provision of the school.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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- Trust:
  - negotiated a top up rate for Northern House School (Wokingham) that would result in a sustainable provision;
  - rolled out SAGE for Education, a new finance system;
  - achieved efficiencies in administration by standardising policies, templates and forms as far as possible across all of the schools;
  - improved the levels of assurance testing at school levels, which not only provides increased assurance to the Directors of the Trust, but also demonstrates significant levels of coaching and mentoring to the School Business Managers;
  - continued to provide timely and professional support to all schools, including: ICT Project Management; Premises Project Management; HR management on significant issues; overseeing the TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) of staff at Northern House School (Wokingham).
  - set up a new website for Northern House School (Wokingham);
  - maintained all school websites, keeping information and data up to date in a timely manner, so all parents and interested parties can see what is going on;
  - continued to actively support and challenge schools, on all areas, in order to ensure continued achievements and progress.

**Key Financial Performance Indicators**

Key Financial Performance Indicators include:

- cash reserves maintained to fund one month's projected expenditure;
- all resources expended or planned, to facilitate continual strategic and operational review.

**Going Concern**

After making appropriate enquiries, the Board 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**FINANCIAL REVIEW**

The financial statements have been prepared in accordance with current statutory requirements.

Most of the Academy's income in the financial year ending 31 August 2017 was obtained from the ESFA and the respective Local Authorities for commissioned places. This is expected to continue to be the case.

The Academy has also received DfE pupil premium awards based on the number of children on the schools' rolls entitled to free school meals.

In addition to this, the Academy received sponsorship funding to support the conversion of Southfield School in Wokingham to Northern House School Academy Trust.

All these are reflected in the accounts as part of 'restricted income'.

The Academy has generated a small sum of unrestricted income and recognises that this is an area for growth and development in the future.

**Reserves Policy**

The Trustees have continued their prudent approach to financial planning, given the uncertainty surrounding funding in the immediate future, specifically around the National Funding Formula and pressure on Local Authority Funding, which directly impacts upon the Trust because all the Trust's schools' places are commissioned.

The Trust is currently carrying forward a surplus that would cover more than one month's expected expenditure. This will act as a cushion against any unexpected falls in income and protect the Academy against any cash flow difficulties that may arise from delays in payment of due funds.

Furthermore, the Trustees have looked to increase reserves during the past year in order to provide a cushion over the next few years during anticipated times of funding standstill in the DfE's pre-16 High Needs Places budget.

The Trustees operate to a three year budget planning cycle, taking any corrective action needed where financial sustainability may cause concern.

At 31 August 2017 the total funds comprised:

Unrestricted	261,334
Restricted:	
Fixed asset funds	18,335,794
GAG	1,002,005
Pension reserve	(4,707,000)
Other	350,597
Total	<u>£15,242,730</u>

The deficit on the pension reserve related to the Local Government Pension Scheme for non-teaching staff assets are held to fund future liabilities as discussed in note 22. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Investment Policy**

Funds are currently held in low interest high street bank accounts. There are no immediate plans for any significant investments.

**Principal Risks and Uncertainties**

The principal risks facing the Trust are:

- reputational risk – mitigated by consistent adherence to sound policies and procedures, surrounding pupil behaviour, staff management, safety and academic performance;
- performance risk – mitigated by careful target setting, close monitoring of progress and intervention strategies;
- financial risk – the principal financial risks are:
  - a reduction in pupil numbers and the rates paid per top-up place;
  - a reduction in planned places and the amount paid by the EFSA per planned place;
  - unbudgeted increase in teaching or support staff costs;
  - exposure to unfunded pay increases, following external pressures, such as pressures presented by external bodies, i.e. School Teachers' Review Body and unions;
  - unbudgeted major capital repairs;
  - uncertainty in respect of the PFI at Northern House School (Solihull) and its financial impact.

The risks presented here are mitigated by prudent budgeting, three year financial planning, seeking external accounting support (i.e. external tax advice), developing a building maintenance plan, regular budget monitoring and timely remedial action.

Risks associated with planned places and council decisions are mitigated by regular dialogue and schools ensuring they are enrolling, subject to admissions criteria, pupils where space allows.

- personnel risks – mitigated by sound performance management processes, absence management systems, comprehensive policies and procedures to cover potential problem areas, support sought from specialised external sources and keeping abreast of national issues regarding staff (both within the educational sector and external to it).
- political risk – principal risks include:
  - the recent pressures on public pay restraint is an area to carefully monitor, both in terms of staff retention as well as unfunded increases on staffing costs
  - external agencies, such as School Teachers' Review Body who may recommend pay increases that are not funded
  - union may seek increases in pay and improvements in terms and conditions that are not funded
  - local political pressures to the schools, in particular those surround SEN reviews

high dependence on government funding ensures an ongoing need to be aware of government policies and their potential impact on areas such as education, safeguarding and funding.

The Trust practises risk management principles through its Board, its governing bodies and the constituted subcommittees. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reviewed until the risk is adequately mitigated.

The Board and its governing bodies accept managed risk as an inevitable part of its operations but seek to avoid unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board, whilst more minor risks are dealt with by local governing bodies and senior officers.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**PLANS FOR FUTURE PERIODS**

The Trust is seeking to appropriately expand its provision further. The Board is currently considering its development strategy and options.

Other medium to longer term objectives will include:

- development of a committee, which will be purely focused on raising standards and outcomes within the schools;
- maintaining a financial surplus and continuing as a going concern;
- continuing to improve educational standards;
- supporting other schools that require assistance;
- minimising exposure of the Trust to risks and where not fully practicable mitigating such risks through appropriate measures.

The Trustees' experience over several recent conversions is that each Local Authority operates in a different manner that can at time put pressure on resources, both during and after conversion. Therefore, the Trust places strong emphasis on due diligence. In addition to this, despite the Trust undertaking pre-acquisition surveys of each site, prior to taking on new schools, experience has shown that despite such measures to mitigate risks, unforeseen events will occur.

The Trustees have also identified that the very nature of the Trust, its expansion and development plan mean that the schools it or the DfE identifies as likely to benefit most from value added by the Trust's skills and experience will be widely dispersed geographically. Therefore, the Trust needs to be flexible in the development of its organisational structures and the responsibilities and travel expectations of its leadership team members, so that the support they offer to the schools is undertaken successfully.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**


No funds are held on behalf of others.

**AUDITOR**

In so far as the Trustees are aware:

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

This Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company Directors, on 7 December 2017 and signed on the Board's behalf by:



**William Powlett Smith**  
Chair of Trustees

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**SCOPE OF RESPONSIBILITY**

As Trustees we acknowledge we have overall responsibility for ensuring that Northern House School Academy Trust Limited 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 Trustees have delegated the day-to-day responsibility to the accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northern House School Academy Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Attendance during the year at meetings of the board of trustees was as follows:

**Attendance: 01/09/2016 – 31/08/2017**

	Term 1 27/09/2016	Term 2 15/12/2016	Term 3 07/03/2017	Term 5 11/05/2017	Term 6 27/06/2017
William Powlett Smith	P	P	P	P	P
Michael Benson	P				
Jean Carr	P	P	P	P	A
Jon Rayman	P	A	P	P	P
Kevin Thompson	P	P	P	P	P
Seonaid Danziger	P	A	P	P	P
Ian Barker	P	P	P	P	P
Phil Leivers	P	A	P	P	P
Marshall Young	P	P	P	A	P

P = Present    A = Absent (apologies received and accepted)

Michael Benson stepped down as Chair and as a Director 27/09/2016

William Powlett Smith appointed a Director and the Chair with effect from 27/09/2016

William Powlett Smith appointed Chair of the MAT Board 27/09/2016

The board regularly receives a variety of reports from the CEO, CFO, as well as from the Local Governing Bodies. Such data is scrutinised in advance, either by Trustees, the Local Governing Bodies, or the Finance and Estates Committee.

In addition to this, reports, such as Assurance Officer Reports, which are scrutinised by the Finance and Estates Committee, ensure assurance work complete by the Central Team is satisfactory.

The Trustees regularly self review, undertaking self assessments and skills audits in order to ensure its own effectiveness.

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Finance and Estates Meeting Summary**

The Finance and Estates Committee is a sub-committee of the main Board of Trustees. Its purpose is to agree the staffing structure for the year, agree the financial plans and associated budgets, review risk, review Assurance Officer reports, monitor the school's accounts, including the work of the CEO and CFO, and keep the main Board of Trustees properly informed of the Trust's financial position.

**Attendance of Directors and CFO: 01/09/2016 – 31/08/2017**

Finance & Estates	21/09/2016	16/11/2016	30/11/2016	02/02/2017	30/03/2017	25/05/2017
Ian Barker	P	P	P	P	P	A
Kevin Thompson	P	P	P	P	P	P
William Powlett Smith	P	P	P	P	P	P
Jean Carr	P	P	P	P	P	P
Mike Benson	P					
Marshall Young	P	A	P	A	P	P
Gareth Preen (CFO)	P	P	P	P	P	P

P = Present     A = Absent (apologies received and accepted)

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**REVIEW OF VALUE FOR MONEY**

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

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

- centralising all receivables and payables functions;
- careful recruitment selection of central team staffing;
- putting in place systems to share staff and good practices across the Trust's schools, irrespective of the distance. This includes, but is not limited to formally confirming an experienced Music Teacher to work across the Northern House School (Solihull) and Northern House School (Oxford), and the secondment of the School Business Manager in Solihull to Oxford, in order to share experience;
- outsourcing ICT support to local companies, utilising benchmarking to ensure companies are competitive and offer good services, whilst maintaining close community links;
- benchmarking other bought in services, such as supply cover, in order to deliver improved services at value for money;
- extensive challenging of supply staff suppliers, not only to ensure value for money is being achieved, but also to ensure all checks are being completed, so safeguarding pupils;
- utilising independent consultants and architects on an *ad hoc* basis in order to clarify issues in relation to building maintenance;
- developing pro-active relationships with commissioners and suppliers, in order to promote frank and open dialogue in the best interests of the pupils;
- challenging schools on the number of teaching contact hours, ensuring teachers are teaching the maximum number of hours;
- completing the reorganisation of Northern House School (City of Wolverhampton);
- investing in ICT across each academy in order to reduce downtime and improve teaching and learning;
- improving employee terms, for example by developing staff benefits, which results in reduced absenteeism and turnover of staff, so saving on recruitment costs, supply cover, loss of training already invested and ensuring continuity for our pupils.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Northern House School Academy Trust Limited for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.



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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

The Trust's system of internal financial control is based on a framework of regular management of 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 Trustees;
- regular reviews by the finance and estates 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 Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Majinder Bhogal, School Financial Services, 1 Providence Place, West Bromwich, B70 9LD, to take on the role of Assurance Officer.

The Assurance Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the Responsible Officer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Assurance Officer has discharged these duties and no significant issues were identified.

In response to continuing pressures on expenditure and decreasing levels of income the Trustees have taken a prudent approach to allocate appropriate funds to mitigate against risks associated with unknown estates costs.

During the current period the Trust also undertook a full review of all staff files and single central records in order to ensure all pupils were safeguarded.

The Trust also undertakes termly School Business Manager visits, in order to review and offer support on a number of areas and performance, including Finance, HR, Estates, ICT and Data Management.

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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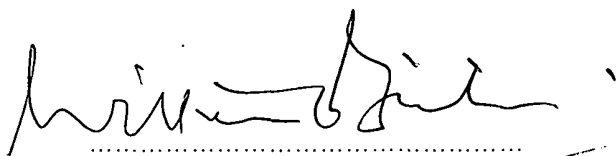
**REVIEW OF EFFECTIVENESS**

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year the review has been informed by:

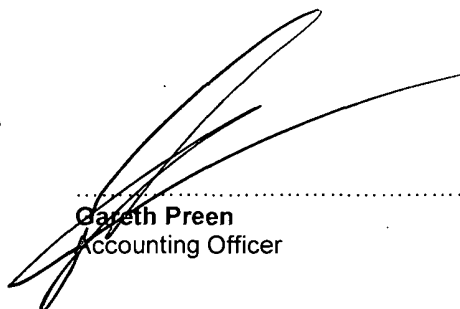
- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Estates Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2017 and signed on its behalf by:



**William Powlett Smith**  
Chair of Trustees



**Gareth Preen**  
Accounting Officer

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

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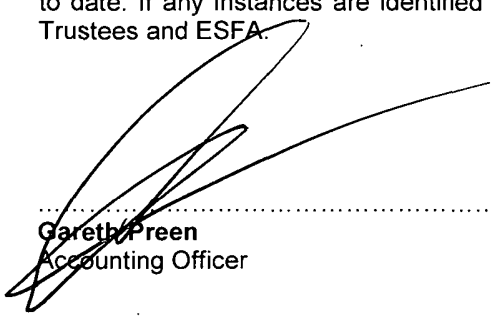
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2017**

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As Accounting Officer of Northern House School Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

I confirm that I and the Academy Trust Board of Trustees 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 2016.

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



.....  
Gareth Preen  
Accounting Officer

7 December 2017

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees (who act as governors of Northern House School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 7 December 2017 and signed on its behalf by:



.....  
**William Powlett Smith**  
Chair of Trustees

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHERN HOUSE SCHOOL ACADEMY TRUST**

---

**OPINION**

We have audited the financial statements of Northern House School Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

Except for the matter described in the basis of qualification paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF 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 financial statements 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 financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**BASIS OF QUALIFICATION**

The value of the tangible fixed assets in the financial statements is materially misstated. The Academy's leasehold land and buildings for Northern House School (Wokingham) Academy with a significant value has not been included in the Statement of Financial Activities as a donation on conversion in the year and has not been reflected in the Balance Sheet at 31 August 2017. The Academy Trust has not received a valuation of the leasehold land and buildings and no value has been attributed to this in the financial statements as at 31 August 2017, as detailed in note 13. The ESFA will provide a valuation during 2018 and therefore the Trustees consider it to be an inappropriate use of the Academy's funds to obtain an external valuation of the land and buildings at 31 August 2017.

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHERN HOUSE SCHOOL ACADEMY TRUST**

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**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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements 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 financial statements are authorised for issue.

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 financial statements 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.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our 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 Trustees' Report.

In respect solely of the failure to include the value of the leasehold land and buildings as a donation in the Statement of Financial Activities and as a tangible fixed asset in the Balance Sheet at 31 August 2017, adequate accounting records have not been kept.

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, other than for leasehold land and buildings (in respect of Northern House School (Wokingham)); or

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
NORTHERN HOUSE SCHOOL ACADEMY TRUST**

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- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

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

In preparing the financial statements, the Trustees 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 Trustees either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.



BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Abbey Place  
24-28 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Date: 20 December 2017

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTHERN HOUSE SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 25 August 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern House School Academy Trust during the year 1 September 2016 to 31 August 2017 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 House School Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Northern House School Academy Trust and the 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 House School Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF NORTHERN HOUSE SCHOOL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Northern House School Academy Trust's funding agreement with the Secretary of State for Education dated 01 September 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the 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.



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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTHERN HOUSE SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academies, with reference to the income streams and other information available to us as auditors of the Academies;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- making appropriate enquiries of the Accounting Officer; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

**MHA MacIntyre Hudson**

Chartered Accountants

Abbey Place  
24-28 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Date: 20 December 2017

**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	1,992,319
Other donations and capital grants	2	-	5,781	30,091	35,872	175,720
Charitable activities	5	-	9,423,644	-	9,423,644	5,744,829
Other trading activities	3	168,858	-	-	168,858	109,839
Investments	4	1,301	-	-	1,301	1,389
<b>TOTAL INCOME</b>		<b>170,159</b>	<b>9,429,425</b>	<b>30,091</b>	<b>9,629,675</b>	<b>8,024,096</b>
<b>EXPENDITURE ON:</b>						
Transfer from Local Authority on conversion	6	-	1,363,839	-	1,363,839	-
Charitable activities	7	83,414	9,302,818	385,179	9,771,411	5,845,644
<b>TOTAL EXPENDITURE</b>	6	<b>83,414</b>	<b>10,666,657</b>	<b>385,179</b>	<b>11,135,250</b>	<b>5,845,644</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	86,745 (21,303)	(1,237,232) (107,998)	(355,088) 129,301	(1,505,575) -	2,178,452 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		65,442	(1,345,230)	(225,787)	(1,505,575)	2,178,452
Actuarial gains/(losses) on defined benefit pension schemes	22	-	625,000	-	625,000	(1,468,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>65,442</b>	<b>(720,230)</b>	<b>(225,787)</b>	<b>(880,575)</b>	<b>710,452</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		195,892	(2,634,168)	18,561,581	16,123,305	15,412,853
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>261,334</b>	<b>(3,354,398)</b>	<b>18,335,794</b>	<b>15,242,730</b>	<b>16,123,305</b>

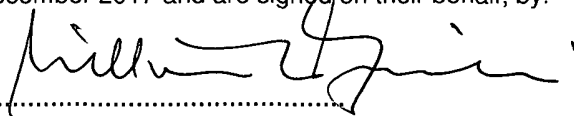
The notes on pages 27 to 54 form part of these financial statements.

**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08140768**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		18,335,794		18,436,581
<b>CURRENT ASSETS</b>					
Stocks	14	8,741		8,742	
Debtors	15	198,118		349,687	
Cash at bank and in hand		2,542,293		2,041,109	
		<u>2,749,152</u>		<u>2,399,538</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(1,135,216)		(1,271,814)	
<b>NET CURRENT ASSETS</b>			1,613,936		1,127,724
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			19,949,730		19,564,305
Defined benefit pension scheme liability	22		(4,707,000)		(3,441,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>15,242,730</u>		<u>16,123,305</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	1,352,602		806,832	
Restricted fixed asset funds	17	18,335,794		18,561,581	
Restricted income funds excluding pension liability		<u>19,688,396</u>		<u>19,368,413</u>	
Pension reserve	17	(4,707,000)		(3,441,000)	
Total restricted income funds			14,981,396		15,927,413
Unrestricted income funds	17		261,334		195,892
<b>TOTAL FUNDS</b>			<u>15,242,730</u>		<u>16,123,305</u>

The financial statements on pages 24 to 54 were approved by the Trustees, and authorised for issue, on 7 December 2017 and are signed on their behalf, by:

  
.....  
**William Powlett Smith**  
Chair of Trustees

The notes on pages 27 to 54 form part of these financial statements.

**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>754,184</u>	<u>1,141,637</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,301	1,389
Purchase of tangible fixed assets		(284,392)	(229,310)
Capital grants from DfE/ESFA		<u>30,091</u>	<u>156,948</u>
<b>Net cash used in investing activities</b>		<u>(253,000)</u>	<u>(70,973)</u>
<b>Change in cash and cash equivalents in the year</b>		501,184	1,070,664
Cash and cash equivalents brought forward		<u>2,041,109</u>	<u>970,445</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>2,542,293</u></u>	<u><u>2,041,109</u></u>

The notes on pages 27 to 54 form part of these financial statements.

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Northern House School Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the donors 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 and include grants from the Department for Education and the Education and Skills Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements. The Trustees are, however, aware that each of the Trust's schools is reliant, under current funding agreements, upon each Local Authority being able to honour its commitments to the places planned and commissioned in each academic year. Where the number of places is under review, the Trust is in negotiation with various Local Authorities to minimise the impact of funding uncertainty, the effect of which could jeopardise the Trust's ability to remain as a going concern in future years.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. Depreciation is not charged on long term leasehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% per annum on cost of buildings only
Equipment	-	20% per annum on cost
Computer equipment	-	33% per annum on cost

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 incorporating Income and Expenditure Account.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Taxation**

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

**1.10 Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

**1.11 Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.12 Liabilities and provisions**

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

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

**1.13 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 as detailed in note 15. 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 costs as detailed in note 16. 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 instruments.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account 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.

**1.15 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.

In the year to 31 August 2017, the assets and liabilities transferred on conversion from Southfield School and Northern House School (Primary Pupil Referral Unit) to an 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 Charitable activities - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under restricted general funds.

Further details of the transaction are set out in note 21.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.16 PFI contract**

The buildings used by Northern House Solihull were constructed under a Private Finance Initiative (PFI) Contract between the Metropolitan Borough of Solihull and a private contractor. The project was completed prior to the school's conversion to academy status. On conversion, the Academy Trust has entered into a Schools Agreement with the Local Authority which transferred the Local Authority's main obligations under the PFI Contract to the Academy Trust. The PFI Contract is due to end on 21 July 2035.

**PFI Contract payments**

The Academy Trust is responsible for the revenue costs of maintaining the facilities. The payments made to the Local Authority in respect of the PFI Contract unitary charge relating to these revenue costs are therefore expensed to the Statement of Financial Activities in the period to which they relate.

**Land and buildings**

The land and buildings are leased to the Academy Trust by the Local Authority on a long (125 year) lease. As the Academy Trust takes on the risks and rewards associated with the land and buildings, including the long term maintenance of the property once the PFI Contract has ended, the land and buildings are capitalised as fixed assets on the Academy Trust's Balance Sheet at valuation using the depreciated replacement cost basis. These assets are then depreciated over their useful economic life.

**Other assets**

Other assets under the PFI Contract, for example fixtures and fittings, transfer to the Local Authority at the end of the PFI Contract and then to the Academy Trust under the Schools Agreement. The basis of the Schools Agreement is that at the point of transfer, the assets will be "as new".

As the Academy Trust does not take on significant risk in respect of these assets during the PFI Contract term these assets are not recorded in the Balance Sheet until the replacement assets are transferred to the Academy Trust by the Local Authority at the end of the PFI Contract.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.17 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer from Local Authority on conversion	-	-	-	-	1,992,319
Transfer on conversion	-	-	-	-	1,992,319
Donations	-	5,781	-	5,781	18,772
Capital grants	-	-	30,091	30,091	156,948
Subtotal	-	5,781	30,091	35,872	175,720
	-	5,781	30,091	35,872	2,168,039
<i>Total 2016</i>	-	(781,909)	2,949,948	2,168,039	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Catering income	4,729	-	4,729	5,107
Insurance reimbursement	22,544	-	22,544	1,049
Consultancy and training courses	104,717	-	104,717	21,275
Other income	36,868	-	36,868	82,408
	168,858	-	168,858	109,839
<i>Total 2016</i>	109,839	-	109,839	

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**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	1,301	-	1,301	1,389
<i>Total 2016</i>	<i>1,389</i>	<i>-</i>	<i>1,389</i>	

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	4,044,023	4,044,023	2,611,887
Pupil premium	-	224,468	224,468	161,675
Other DfE/ESFA income	-	140,914	140,914	134,398
	-	4,409,405	4,409,405	2,907,960
<b>Other government grants</b>				
Top up funding	-	5,014,239	5,014,239	2,836,869
	-	5,014,239	5,014,239	2,836,869
	-	9,423,644	9,423,644	5,744,829
<i>Total 2016</i>	<i>-</i>	<i>5,744,829</i>	<i>5,744,829</i>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Transfer from Local Authority on conversion	-	-	1,363,839	1,363,839	-
Academy's educational operations:					
Direct costs	5,751,698	-	1,084,134	6,835,832	4,370,026
Support costs	1,286,382	740,827	908,370	2,935,579	1,475,618
	<u>7,038,080</u>	<u>740,827</u>	<u>3,356,343</u>	<u>11,135,250</u>	<u>5,845,644</u>
<i>Total 2016</i>	<u>4,076,743</u>	<u>591,491</u>	<u>1,177,410</u>	<u>5,845,644</u>	

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**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs	5,751,698	3,615,593
Depreciation	385,179	314,277
Other staff costs	66,291	44,647
Technology costs	64,918	56,515
Educational supplies	253,135	119,823
Examination fees	6,504	3,739
Educational consultancy	192,580	173,384
Other direct costs	115,527	42,048
	<u>6,835,832</u>	<u>4,370,026</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff costs	1,286,382	461,150
Pension finance cost	96,000	62,000
Other staff costs	35,617	27,250
Catering supplies	120,530	86,520
Maintenance of premises and equipment	521,425	193,246
Cleaning	81,364	29,779
Energy	110,104	83,654
Security	34,194	5,024
PFI charges	232,873	197,544
Non staff related insurance	23,967	28,856
Other support costs	345,111	257,634
Governance costs	48,012	42,961
	<u>2,935,579</u>	<u>1,475,618</u>
	<u><u>9,771,411</u></u>	<u><u>5,845,644</u></u>

**8. NET RESOURCES EXPENDED/(INCOMING RESOURCES)**

This is stated after charging:

	<b>2017 £</b>	<i>2016 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	385,179	314,277
Auditors' remuneration - audit	13,500	13,500
Auditors' remuneration - other services	34,512	28,750
Operating lease rentals	21,997	14,651
	<u><u>475,188</u></u>	<u><u>391,178</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,021,933	3,185,749
Social security costs	486,889	272,271
Operating costs of defined benefit pension schemes	1,239,568	523,615
	<u>6,748,390</u>	<u>3,981,635</u>
Apprenticeship levy	1,843	-
Supply teacher costs	205,944	95,108
Staff restructuring costs	81,903	-
	<u><u>7,038,080</u></u>	<u><u>4,076,743</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	54,794	-
Severance payments	27,109	-
	<u><u>81,903</u></u>	<u><u>-</u></u>

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £27,109 (2016: £NIL). Individually, the payments were: £15,500, £7,098, £2,709, £1,802.

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

	2017 No.	2016 No.
Teachers	47	34
Administration and support	135	79
Management	15	9
	<u><u>197</u></u>	<u><u>122</u></u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	2	0
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. STAFF COSTS (continued)**

Four (2016: three) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2017, pension contributions amounted to £45,401 (2016: £22,248 for three employees).

The key management personnel of the Academy Trust comprises the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £599,634 (2016: £428,180).

**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

		2017 £	2016 £
I Barker (CEO)	Remuneration	105,000-110,000	90,000-95,000
	Pension contributions paid	15,000-20,000	10,000-15,000

During the year, one Trustee received benefits in kind totalling £5,018 (2016 - one trustee, £3,847).

During the year ended 31 August 2017, expenses relating to non-trustee activities for travel and subsistence totalling £730 (2016 - £171) was reimbursed to one Trustee (2016 - one Trustee).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**11. CENTRAL SERVICES**

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

- Chief Executives office
- Central finance team
- HR support
- Company secretarial support
- Governance costs
- Curriculum support

The Academy Trust charges for these services on the following basis:

The Academy Trust charges a management fee for these services based on pupil numbers, a percentage of income and capital project allocation (2016 - percentage of income).

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Northern House School Oxford	352,126	81,474
Northern House School Solihull	148,072	93,653
Northern House School Wolverhampton	249,706	88,072
Northern House School PRU	202,003	-
Northern House School Wokingham	182,178	-
	<u>1,134,085</u>	<u>263,199</u>
Total		

**12. TRUSTEES' AND OFFICERS' INSURANCE**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2016	18,709,000	182,099	209,061	19,100,160
Additions	96,621	148,211	39,560	284,392
At 31 August 2017	18,805,621	330,310	248,621	19,384,552
<b>Depreciation</b>				
At 1 September 2016	543,340	22,889	97,350	663,579
Charge for the year	274,281	45,567	65,331	385,179
At 31 August 2017	817,621	68,456	162,681	1,048,758
<b>Net book value</b>				
At 31 August 2017	17,988,000	261,854	85,940	18,335,794
At 31 August 2016	18,165,660	159,210	111,711	18,436,581

Included in long-term leasehold property is land at valuation of £5,009,000 (2016 - £5,009,000) which is not depreciated.

The leasehold land and buildings of Northern House School (Wokingham) Academy was inherited on conversion to Academy status and no independent valuation was provided at the date of transfer. The ESFA have confirmed that they will provide a valuation to the Academy during 2018. The Trustees have not sought a valuation of the land and buildings as at 31 August 2017 as they did not consider this to be an appropriate use of Academy funds.

The leasehold land and buildings is owned by Wokingham Borough Council. The Academy Trust has a 125 year lease and no payments to Wokingham Borough Council are required under the lease.

Additions to long-term leasehold property consists of fencing work at Wolverhampton School.

**14. STOCKS**

	2017 £	2016 £
Uniforms	8,741	8,742

**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**15. DEBTORS**

	2017 £	2016 £
Trade debtors	2,360	45,716
Other debtors	168	1,543
Prepayments and accrued income	128,049	208,004
VAT recoverable	67,541	94,424
	<u>198,118</u>	<u>349,687</u>

**16. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	381,408	232,933
Other taxation and social security	127,175	90,857
Other creditors	114,395	63,436
Accruals and deferred income	512,238	884,588
	<u>1,135,216</u>	<u>1,271,814</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	707,584	5,748
Resources deferred during the year	419,892	707,584
Amounts released from previous years	(707,584)	(5,748)
Deferred income at 31 August 2017	<u>419,892</u>	<u>707,584</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance from the Local Authority. Additionally, income for commissioned places was received in advance for the autumn term 2017.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General unrestricted funds	195,892	170,159	(83,414)	(21,303)	-	261,334
<b>Restricted funds</b>						
	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Balance at 31 August 2017 £
General Annual Grant	451,396	4,044,023	(3,385,416)	(107,998)	-	1,002,005
Pupil premium	-	224,468	(224,468)	-	-	-
Other DFE/ESFA grants	-	140,914	(140,914)	-	-	-
Local Authority top up	-	5,014,239	(5,014,239)	-	-	-
Funds from predecessor schools	355,436	-	(1,363,839)	1,359,000	-	350,597
Other restricted funds	-	5,781	(5,781)	-	-	-
Pension reserve	(3,441,000)	-	(532,000)	(1,359,000)	625,000	(4,707,000)
	<u>(2,634,168)</u>	<u>9,429,425</u>	<u>(10,666,657)</u>	<u>(107,998)</u>	<u>625,000</u>	<u>(3,354,398)</u>
<b>Restricted fixed asset funds</b>						
	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Balance at 31 August 2017 £
Devolved formula capital	-	30,091	-	(30,091)	-	-
Condition improvement fund	125,000	-	-	(125,000)	-	-
Fixed asset fund	18,436,581	-	(385,179)	284,392	-	18,335,794
	<u>18,561,581</u>	<u>30,091</u>	<u>(385,179)</u>	<u>129,301</u>	<u>-</u>	<u>18,335,794</u>
Total restricted funds	<u>15,927,413</u>	<u>9,459,516</u>	<u>(11,051,836)</u>	<u>21,303</u>	<u>625,000</u>	<u>14,981,396</u>
Total of funds	<u><u>16,123,305</u></u>	<u><u>9,629,675</u></u>	<u><u>(11,135,250)</u></u>	<u><u>-</u></u>	<u><u>625,000</u></u>	<u><u>15,242,730</u></u>

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**17. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General unrestricted funds	84,664	111,228	-	-	-	195,892
	<u>84,664</u>	<u>111,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,892</u>
<b>Restricted funds</b>						
	Balance at 1 September 2015 £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Balance at 31 August 2016 £
General Annual Grant	237,194	2,611,887	(2,200,323)	(197,362)	-	451,396
Pupil premium	-	169,175	(169,175)	-	-	-
Other DfE/ESFA grants	-	126,898	(126,898)	-	-	-
LA top up	-	2,836,869	(2,836,869)	-	-	-
MAT sponsorship	106,330	-	(106,330)	-	-	-
Funds from predecessor schools	367,117	(11,681)	-	-	-	355,436
Other restricted funds	-	18,772	(18,772)	-	-	-
Pension reserve	(1,111,000)	(789,000)	(73,000)	-	(1,468,000)	(3,441,000)
	<u>(400,359)</u>	<u>4,962,920</u>	<u>(5,531,367)</u>	<u>(197,362)</u>	<u>(1,468,000)</u>	<u>(2,634,168)</u>
<b>Restricted fixed asset funds</b>						
	Balance at 1 September 2015 £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Balance at 31 August 2016 £
Transfer on conversion	-	2,793,000	-	(2,793,000)	-	-
Local authority	-	1,550	-	(1,550)	-	-
Devolved formula capital	-	19,661	-	(19,661)	-	-
Condition improvement fund	-	135,737	-	(10,737)	-	125,000
Fixed asset fund	15,728,548	-	(314,277)	3,022,310	-	18,436,581
	<u>15,728,548</u>	<u>2,949,948</u>	<u>(314,277)</u>	<u>197,362</u>	<u>-</u>	<u>18,561,581</u>
Total restricted funds	<u>15,328,189</u>	<u>7,912,868</u>	<u>(5,845,644)</u>	<u>-</u>	<u>(1,468,000)</u>	<u>15,927,413</u>
Total of funds	<u>15,412,853</u>	<u>8,024,096</u>	<u>(5,845,644)</u>	<u>-</u>	<u>(1,468,000)</u>	<u>16,123,305</u>

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**17. STATEMENT OF FUNDS (continued)**

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

General unrestricted funds can be spent on meeting objectives at the discretion of the Trustees.

The other DfE/ESFA restricted funds represents other funding received from the government which does not form part of GAG but is received in relation to specific purposes.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding and Skills Agency and the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

The pension reserve deficit represents the future pension funding requirements which will be met from future employer pension contributions.

Restricted fixed asset funds represent the amounts invested in fixed assets and unspent amounts at the period end.

Transfers between restricted and restricted fixed asset funds represents capital additions funded by restricted reserves.

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 2017.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Northern House School Oxford	<b>473,936</b>	<i>483,812</i>
Northern House School Solihull	<b>250,000</b>	<i>161,954</i>
Northern House School Wolverhampton	<b>150,000</b>	<i>86,958</i>
Northern House School PRU	<b>170,000</b>	<i>-</i>
Northern House School Wokingham	<b>80,000</b>	<i>-</i>
Central fund : reorganisation	<b>-</b>	<i>150,000</i>
Central fund : capital	<b>490,000</b>	<i>120,000</i>
Total before fixed asset fund and pension reserve	<b>1,613,936</b>	<i>1,002,724</i>
Restricted fixed asset fund	<b>18,335,794</b>	<i>18,561,581</i>
Pension reserve	<b>(4,707,000)</b>	<i>(3,441,000)</i>
Total	<b>15,242,730</b>	<i>16,123,305</i>

**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Northern House School Oxford	1,202,243	123,546	153,289	162,378	1,641,456	1,625,874
Northern House School Solihull	1,359,689	75,943	157,898	365,303	1,958,833	1,829,796
Northern House School Wolverhampton	1,807,810	146,968	121,706	196,177	2,272,661	1,704,388
Northern House School PRU	448,665	61,543	118,011	61,687	689,906	44,115
Northern House School Wokingham	934,736	118,593	92,544	298,056	1,443,929	-
Central services	(1,445)	759,789	55,507	565,596	1,379,447	327,194
	<u>5,751,698</u>	<u>1,286,382</u>	<u>698,955</u>	<u>1,649,197</u>	<u>9,386,232</u>	<u>5,531,367</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	18,335,794	18,335,794
Current assets	261,334	2,487,818	-	2,749,152
Creditors due within one year	-	(1,135,216)	-	(1,135,216)
Pension liability	-	(4,707,000)	-	(4,707,000)
	<u>261,334</u>	<u>(3,354,398)</u>	<u>18,335,794</u>	<u>15,242,730</u>



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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2016</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Tangible fixed assets	-	-	18,436,581	18,436,581
Current assets	195,892	2,078,646	125,000	2,399,538
Creditors due within one year	-	(1,271,814)	-	(1,271,814)
Provisions for liabilities and charges	-	(3,441,000)	-	(3,441,000)
	<u>195,892</u>	<u>(2,634,168)</u>	<u>18,561,581</u>	<u>16,123,305</u>

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,505,575)	2,178,452
<b>Adjustment for:</b>		
Depreciation charges	385,179	314,277
Dividends, interest and rents from investments	(1,301)	(1,389)
Decrease/(increase) in stocks	1	(8,742)
Decrease/(increase) in debtors	151,569	(244,495)
(Decrease)/increase in creditors	(136,598)	991,482
Capital grants from DfE and other capital income	(30,091)	(156,948)
Pension adjustments	532,000	73,000
Fixed assets transferred from local authority on conversion	-	(2,793,000)
Pension transferred from local authority on conversion	1,359,000	789,000
<b>Net cash provided by operating activities</b>	<u>754,184</u>	<u>1,141,637</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<i>2017</i>	<i>2016</i>
	<i>£</i>	<i>£</i>
Cash in hand	2,542,293	2,041,109
<b>Total</b>	<u>2,542,293</u>	<u>2,041,109</u>

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**21. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2016 and 1 January 2017 Northern House School (Primary Pupil Referral Unit) and Southfield School, respectively converted to Academy Trust status under the Academies Act 2010 and the operations and assets and liabilities were transferred to Northern House School Academy Trust from Wolverhampton County Council and Wokingham Borough Council, respectively 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 value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activities incorporating Income and Expenditure Account as Charitable activities - transfer from local authority on conversion. No value has been recognised for the land and buildings as explained in note 13.

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 incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Other liabilities	-	(4,839)	-	(4,839)
LGPS pension (deficit)	-	(1,359,000)	-	(1,359,000)
Net assets/(liabilities)	-	(1,363,839)	-	(1,363,839)

**22. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Oxfordshire County Council, Royal County of Berkshire and three by West Midlands Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £104,351 were payable to the schemes at 31 August 2017 (2016 - 57,993) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**22. PENSION COMMITMENTS (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 – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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 actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £419,935 (2016 - £259,562).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:  
(<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuationreport.aspx>).

**Scheme Changes**

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. PENSION COMMITMENTS (continued)**

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £467,000 (2016 - £344,000), of which employer's contributions totalled £353,000 (2016 - £275,000) and employees' contributions totalled £114,000 (2016 - £69,000). The agreed contribution rates for future years are 19.3% (Northern House School Oxford), 17.7% (Northern House School Solihull and Wolverhampton) and 17.6% (Northern House School Wokingham) for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	3.90 %
Rate of increase for pensions in payment / inflation	2.70 %	2.10 %
Inflation assumption (CPI)	2.70 %	2.10 %
RPI increases	3.60 %	3.20 %

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FOR THE YEAR ENDED 31 AUGUST 2017**

**22. PENSION COMMITMENTS (continued)**

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

	2017	2016
Retiring today		
Males	22.7	23.2
Females	25.0	25.8
Retiring in 20 years		
Males	25.0	25.4
Females	27.3	28.1

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis - present value of total obligation</b>		
Discount rate +0.1%	7,226,000	4,811,000
Discount rate -0.1%	7,589,000	5,072,000
Mortality assumption - 1 year increase	7,654,000	5,071,000
Mortality assumption - 1 year decrease	7,165,000	4,812,000
CPI rate +0.1%	7,557,000	5,053,000
CPI rate -0.1%	7,279,000	4,831,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,617,000	953,000
Gilts	249,000	144,000
Corporate bonds	179,000	96,000
Property	221,000	111,000
Cash and other liquid assets	156,000	66,000
Other - user input	276,000	129,000
<b>Total market value of assets</b>	<b>2,698,000</b>	<b>1,499,000</b>

The actual return on scheme assets was £282,000 (2016 - £180,000).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(789,000)	(285,000)
Interest cost	(96,000)	(62,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(507,000)	-
Total	<u>(1,392,000)</u>	<u>(347,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	4,940,000	2,098,000
Upon conversion	1,321,000	789,000
Current service cost	789,000	285,000
Interest cost	144,000	107,000
Employee contributions	114,000	69,000
Actuarial (gains)/losses	(403,000)	1,603,000
Benefits paid	(114,000)	(11,000)
Effect of non-routine settlements	614,000	-
Closing defined benefit obligation	<u>7,405,000</u>	<u>4,940,000</u>

Movements in the fair value of the Academy Trust's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	1,499,000	987,000
Upon conversion	469,000	-
Interest on assets	48,000	45,000
Actuarial gains	222,000	135,000
Employer contributions	353,000	275,000
Employee contributions	114,000	69,000
Benefits paid	(114,000)	(11,000)
Effect of non-routine settlements	107,000	-
Administration expenses	-	(1,000)
Closing fair value of scheme assets	<u>2,698,000</u>	<u>1,499,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**PENSION COMMITMENTS (continued)**

The amount shown in the Statement of Financial Activities is:

	2017 £	2016 £
Changes in financial assumptions	403,000	(1,603,000)
Return on assets excluding amounts included in net interest	222,000	135,000
Actuarial gains/(losses) on defined benefit pension schemes	<u>625,000</u>	<u>(1,468,000)</u>

The amount recognised in the Balance Sheet is as follows:

	2017 £	2016 £
Present value of defined benefit obligation	(7,405,000)	(4,940,000)
Fair value of scheme assets	2,698,000	1,499,000
Defined benefit pension scheme liability	<u>(4,707,000)</u>	<u>(3,441,000)</u>

**23. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	20,468	16,178
Between 1 and 5 years	16,071	11,794
Total	<u>36,539</u>	<u>27,972</u>

**24. PFI COMMITMENTS**

At 31 August 2017 the Academy Trust had PFI commitments of:

	2017 £	2016 £
Within 1 year	215,708	197,544
Between 1 and 5 years	948,993	915,994
After more than 5 years	3,859,678	4,108,385
Total	<u>5,024,379</u>	<u>5,221,923</u>

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**NORTHERN HOUSE SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

**26. MEMBERS' LIABILITY**

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





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