

financial statements

Northern House School Academy Trust
Company Limited by Guarantee

For the period ended 31 August 2013

Company registration number: 08140768

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Financial Statements

Period ended 31 August 2013

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Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Reference and Administrative Details

Period ended 31 August 2013

Trustees

M Benson	(Chair)
J Carr	(Vice Chair)
I Barker	(Headteacher and Accounting Officer)
T Arnold	
J Rayman	
L Ma	
N Blackwood	
J Richer	
S Danziger	
L Thorn	
R Radburn	
K Thompson	
E Moses	
J Willis	
L Spiers	
J Jones	
S Nicholls	
S Withers Green	

Senior Management Team:

Headteacher	- I Barker
Deputy Headteacher	- J Jones
Assistant Headteacher	- J Willis
Business Manager	- M Fallows
SENCO	- J Page
Integration and Outreach Manager	- S Richens

**Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee**

Reference and Administrative Details (*continued*)

Period ended 31 August 2013

Principal and Registered Office

South Parade
Summertown
Oxford
OX2 7JN

Company Registration Number

08140768(England and Wales)

Independent Auditor

MHA MacIntyre Hudson
31 Castle Street
High Wycombe
HP13 6RU

Bankers

Lloyds TSB
PO Box 1000
BX1 1LT

Solicitors

Blake Lapthorn
West Way
Oxford
OX2 0FB

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Trustees' Annual Report

Period ended 31 August 2013

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2012 to 31 August 2013.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Northern House School Academy Trust Limited are also the directors of the charitable company for the purposes of company law and are referred to hearing as the governors. The charitable company is known as Northern House School Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on pages 1 and 2.

Members' Liability

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

Governors' Indemnities

A governor may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors 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 Academy Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or a breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or a breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in the capacity as directors of the Academy Trust.

Principal Activities

"to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum and specially organised to make special educational provision for pupils with Special Educational Needs" (Articles of Association)

Northern House School Academy Trust currently offers education to children aged 5-11 who have statements of special educational needs, with BESD stated as a primary need, although many pupils present with complex needs including ASD, ADHD, attachment and other psychological difficulties. It also works with mainstream schools to support children with similar needs.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Trustees' Annual Report (*continued*)

Period ended 31 August 2013

Method of Recruitment and Appointment or Election of Trustees

Governors are appointed /elected to the Academy Governing Body under sections 50-59 of the Northern House School Academy Trust Articles of Association as follows:

- The members may appoint up to 17 governors
- The members may appoint staff governors through such process as they may determine, provided that the total number of governors (including the headteacher) who are employees of the Academy Trust does not exceed one third of the total number of governors
- The headteacher shall be treated for all purposes as an ex-officio governor
- The parent governors shall be elected by parents of registered pupils at the Academy. Wherever practicable, a parent governor must be a parent of a pupil at the Academy at the time when he/she is elected
- The governors may appoint up to 3 co-opted governors

Policies and Procedures Adopted for the Induction and Training of Trustees

The Governing Body has produced a governors handbook in which the history and ethos of Northern House School is explained in detail. It also

- lists the various committees
- provides links to other sources of information,
- presents a complete list of current staff members and their responsibilities
- includes key extracts from the school's current self-evaluation
- provides photographs and pen portraits of each serving governor
- provides an extensive list of educational terms and acronyms

All governors are automatically members of the National Governors Association. All governors have password access to the 'Ten Governor' website which contains thousands of articles on good governance and provides an authoritative three-day response to any question a school governor cares to ask.

All governors should undertake one aspect of training annually, including induction training on appointment or election. Induction training is currently provided by Governor Services.

Organisational Structure

Working closely with the Headteacher, the Governing Body is responsible for

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

In other words, Governors help the Academy maintain a long term focus whilst challenging and supporting the headteacher and his team on their shorter term goals and plans.

The day to day management of the Academy is very much the responsibility of the Headteacher and his Senior Management Team. The Governing Body regards the monitoring of the achievement of key performance targets as set out in the one-year and three-year School Development Plans by the Senior Management Team as an extremely important aspect of its work.

The headteacher is the Academy's accounting officer (AO).

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Trustees' Annual Report (continued)

Period ended 31 August 2013

Risk Management

The Academy has undertaken a full review of the main areas of risk it faces. This includes all health and safety risks, child protection policies and procedures and policy statements covering these areas. A sub-committee has formulated a risk management process which assesses all risks and recommends risk management strategies. This process involves developing a matrix of risks, scoring and prioritizing them in terms of their operational and financial impact, assessing the likelihood of occurrence and the severity of any likely impact, and identifying means of mitigating any harm done. In addition, a review of all financial risks is undertaken on a regular basis by a committee of governors assigned to that task.

Objectives and Activities

Objects and Aims

The Academy currently offers places to primary aged children who have found maintaining a place in a mainstream school difficult. This breakdown will have occurred because of the presentation of behavioural difficulties that the referring mainstream school will have found to be not compatible with the efficient 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 Academy works with mainstream schools to arrange gradual re-integration of its pupils, though in many cases, the pathway through special education settings continues beyond the child's primary years.

Objectives, Strategies and Activities

Following the outstanding OFSTED report of July 2012, the Academy has implemented the one recommendation that the inspectors made for improvement. That was to ensure that class-based teachers visited mainstream schools to see outstanding mainstream practice in action so that curriculum delivery in the Academy would take account of current mainstream practices, thereby assisting successful re-integration of its pupils. All class-based teachers have since done this.

The Academy has given all its pupils many opportunities to learn alongside their mainstream peers through activities such as clubs, sports, musical performances, cultural events, trips and residential, while prioritizing in school the importance of English and Maths within the context of a differentiated, engaging curriculum.

Public Benefit

The Academy has developed a Lettings Policy to allow appropriate community groups to access its facilities out of school hours. It has also run a successful parenting group throughout the year during school hours on the Academy site. It has also conducted a number of workshops on site during school hours for professionals from the Social Services as well as teachers and teaching assistants from other schools to demonstrate best practice when seeking to meet the needs of pupils with BESD.

Achievements and Performance

The Academy prides itself on the many ways in which its provision can be described as 'outstanding'.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Trustees' Annual Report (continued)

Period ended 31 August 2013

Pupil Achievement

Fischer Family Trust analysis confirms that almost all our pupils make expected or better than expected progress in English and Maths as they progress from key stage one to key stage two. FFT takes account of the complexity of our pupils' needs in arriving at these conclusions and is the most sophisticated measure of academic performance available to us. A small number of our pupils are academically and emotionally able to access the key stage two national curriculum tests (SATS). Their performance was very pleasing in that all achieved levels 3, 4 or 5 in the various English and Maths components.

Quality of Teaching

The pupils continue to enjoy very high quality teaching, with almost all lessons observed by senior management being rated 'good' or 'outstanding'.

Pupil Behaviour

All our pupils present with behavioural difficulties. Nevertheless, visitors to school invariably comment on how peaceful the atmosphere is, how polite the children are and how well they conduct themselves in lesson time. Feedback from trips outside school and from residential visits often indicates how well behaved our pupils are outside school.

Leadership and Management

The Academy is led by a dedicated and skilful senior management team which sets the bar high for both pupils and staff. As a result, not only has OFSTED rated the school as outstanding, but during the year it received an outstanding assessment of its health and safety regime, and an outstanding assessment of its arts education provision by a visiting Arts Mark assessor.

Going Concern

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

Financial Review

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

Most of the Academy's income in the financial period ending 31 August 2013 was obtained from the EFA. This was based on 85 planned places. Top-up grants have been made by the local authorities sending children to the Academy. In addition, the Academy has received sums in respect of pupil premium awarded by government on the basis of how many children on the school's roll are entitled to free school meals, an indicator of deprivation. All these are reflected in the accounts as part of 'restricted income'.

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

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Trustees' Annual Report (*continued*)

Period ended 31 August 2013

Financial Review (*continued*)

During the period ended 31 August 2013 total expenditure of £1,857,287 (including depreciation of £72,159) was less than recurrent grant funding from the EFA together with other incoming resources of £1,785,277 (excluding the value of assets transferred on conversion). The excess of expenditure over income for the year (excluding restricted fixed asset funds and assets transferred on conversion) was £6,416 before pension scheme unrealised losses.

As at 31 August 2013 the net book value of fixed assets was £7,798,413 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government Pension Scheme as at 31 August 2013 held a deficit of £626,000, the breakdown of which is detailed within note 15 to the Financial Statements.

Principal Risks and Uncertainties

Education funding, especially for high needs pupils, is going through a period of uncertainty. At the time of preparing these accounts, the Academy is unaware of the exact level of funding that will accompany each referred pupil from the local authorities for the year 2014-2015 and beyond.

Reserves Policy

The trustees have adopted a prudent approach to financial planning, given that this has been the first period as an Academy and given the uncertainty surrounding funding in the immediate future.

It is currently carrying forward net current assets of approx £223,000, excluding fixed assets and pension deficit. 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. Once this period of funding uncertainty is over, the trustees would envisage operating a three-year break even cycle of financial activity.

At 31 August 2013 the total funds comprised:

	£
Unrestricted: general funds	14,236
Restricted: general funds	<u>152,769</u>
Total general funds	167,005
Fixed asset funds	7,854,427
Pension reserve	<u>(626,000)</u>
Total funds	<u>£7,395,432</u>

Investment Policy

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

**Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee**

Trustees' Annual Report (continued)

Period ended 31 August 2013

Plans for Future Periods

The Academy recognizes that on its current site, the school is now running at capacity. The trustees are exploring different avenues to expand capacity in other ways, and these include opening up a small residential provision, supporting smaller units in the north and south of Oxfordshire, and being added to the DfE's list of approved sponsors with a view to supporting one or more other schools in need of help.

Auditor

Insofar 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.

Approved by order of the board of trustees on2013 and signed on its behalf by:

Michael Benson
Chair of Trustees

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Governance Statement

Period ended 31 August 2013

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northern House School Academy Trust and the Secretary of State for Education. He 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. The **board of trustees** has formally met **6 times** during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Benson (chairman)	6	6
J Carr (vice chair)	5	6
T Arnold	5	6
S Withers Green	1	6
J Rayman	4	6
K Thompson	5	6
L Ma	3	6
R Radburn	3	6
E Moses	4	6
L Thorn	6	6
N Blackwood	0	6
S Danziger	6	6
J Richer	5	6
I Barker	6	6
J Jones	5	6
J Willis	5	6
L Spiers	6	6
S Nicholls	5	5

Note: S Withers Green resigned in January 2013; S Nicholls joined in November 2013

N Blackwood is the Member of Parliament for Oxford West and Abingdon.

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 school development plans and associated budgets, monitor the school's accounts, including the work of the school business manager and accounting officer, and keep the main board of trustees properly informed of the academy's financial position.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Governance Statement (*continued*)

Period ended 31 August 2013

Governance (*continued*)

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
K Thompson	5	5
M Benson	5	5
J Carr	4	5
S Danziger	3	3
I Barker	5	5
M Fallows	4	5
S Withers Green	3	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern House School Academy Trust for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 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 academy 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.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Governance Statement (*continued*)

Period ended 31 August 2013

The Risk and Control Framework (*continued*)

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 trustees have appointed Madhu Richards of Oxfordshire County Council as responsible officer (RO).

The **Responsible Officer's** role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly 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 Responsible Officer has discharged these duties and has identified that a change needs to be made in the manner in which the risk register is presented. This has been addressed by the appropriate committee.

Review of Effectiveness

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

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

The accounting officer has been advised of the implications of the result of 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 **21 November 2013** and signed on its behalf by:

Michael Benson
Chair of Trustees

David Ian Barker
Accounting Officer

**Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee**

Statement on Regularity, Propriety and Compliance

Period ended 31 August 2013

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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

David Ian Barker
Accounting Officer

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Statement of Trustees' Responsibilities

Period ended 31 August 2013

The trustees (who act as governors of Northern House School Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the EFA/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 21 November 2013 and signed on its behalf by:

Michael Benson
Chair of Trustees

Northern House School Academy Trust Company Limited by Guarantee, Company number 08140768

Independent Auditor's Report to the Governing Body of Northern House

Period to 31 August 2013

We have audited the financial statements of Northern House for the period from 12 July 2012 to 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education 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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the responsibilities of the trustees (set out on page 13), the trustees (who are also the directors of the charitable company 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2013 and of its incoming resources and application of resources for the period 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 and the Annual Accounts Direction 2013 issued by the Education Funding Agency

**Northern House School Academy Trust
Company Limited by Guarantee, Company number 08140768**

Independent Auditor's Report to the Governing Body of Northern House (continued)

Period to 31 August 2013

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

BIANCA SILVA, ACA
(Senior Statutory Auditor)
For and on behalf of
MHA MACINTYRE HUDSON
Statutory Auditor and Chartered Accountants

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Northern House School Academy Trust

Company Limited by Guarantee, Company number 08140768

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Northern House School Academy Trust and the Education Funding Agency

Period to 31 August 2013

In accordance with the terms of our engagement letter dated 16 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 period 01 September 2012 to 31 August 2013 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 EFA 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 EFA 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 EFA, 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 auditor

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 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee**

**Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of
Northern House School Academy Trust and the Education Funding Agency (continued)**

Period ended 31 August 2013

Approach (continued)

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 academy, with reference to the income streams and other information available to us as auditors of the academy;
- 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;
- evaluating the internal control procedures and reporting lines;
- reviewing the information in the Financial Management and Governance Self-assessment (FMGS) return; and
- making appropriate enquiries of the Accounting Officer.

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 period 01 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

BIANCA SILVA, ACA
(Senior Statutory Auditor)
For and on behalf of
MHA MACINTYRE HUDSON
Statutory Auditor and Chartered Accountants

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**Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee**

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

Period ended 31 August 2013

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds Period from 1 Sep12 to 31 Aug 13 £
Incoming resources					
Incoming resources from generating funds:					
Voluntary income	1	–	3,698	–	3,698
Transfer on conversion	1	–	(251,332)	7,905,774	7,654,442
		–	(247,634)	7,905,774	7,658,140
Activities for generating funds	2	14,113	–	–	14,113
Investment income	3	123	–	–	123
Incoming resources from charitable activities:					
Funding for academy trust's educational operations	4	–	1,760,778	6,565	1,767,343
Total incoming resources		14,236	1,513,144	7,912,339	9,439,719
Resources expended					
Charitable activities					
Academy trust's educational operations	6	–	1,776,028	72,159	1,848,187
Governance costs	7	–	9,100	–	9,100
Total resources expended		–	1,785,128	72,159	1,857,287
Net incoming resources before transfers	8	14,236	(271,984)	7,840,180	7,582,432
Gross transfers between funds		–	(14,247)	14,247	–
Net income for the year		14,236	(286,231)	7,854,427	7,582,432
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes		–	(187,000)	–	(187,000)
Net movement in funds		£14,236	£(473,231)	£7,854,427	£7,395,432

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the academy trust's activities derive from acquisitions in the current financial period.

The accounting policies and notes on pages 21 to 39 form part of these financial statements.

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Academy Balance Sheet

31 August 2013

	Note	31 Aug 13	
		£	£
Fixed assets			
Tangible assets	12		7,798,413
Current assets			
Debtors	13	13,527	
Cash at bank		292,053	
		<u>305,580</u>	
Creditors: amounts falling due within one year	14	<u>(82,561)</u>	
Net current assets			223,019
Total assets less current liabilities			<u>8,021,432</u>
Provisions for liabilities			
Pensions scheme liability	15		<u>(626,000)</u>
Net assets including pension liability			<u>£7,395,432</u>
Funds of the academy trust	16		
Restricted income funds:			
Fixed asset funds		7,854,427	
General funds		152,769	
Pension reserve		<u>(626,000)</u>	
Total restricted income funds			7,381,196
Unrestricted income funds			
General fund			<u>14,236</u>
Total funds			<u>£7,395,432</u>

These financial statements were approved by the Governors, and authorised for issue on2013 and are signed on their behalf by:

.....
M. Benson
Chair

.....
I Barker
Accounting Officer

The accounting policies and notes on pages 21 to 39 form part of these financial statements.

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Cash Flow Statement

Period ended 31 August 2013

	Note	Period ended 31 Aug 13	
		£	£
Net cash inflow from operating activities	21		306,177
Returns on investments and servicing of finance	22		
Interest received		<u>123</u>	
Net cash inflow from returns on investments and servicing of finance			123
Capital expenditure	23		(14,247)
			<u>292,053</u>
Acquisitions			
Cash transferred on conversion			(232,117)
Increase in cash			<u><u>£59,936</u></u>
Analysis of changes in net funds			
	On conversion	Cash flows	31 Aug 13
	£	£	£
Cash at bank	<u><u>232,117</u></u>	<u><u>59,936</u></u>	<u><u>292,053</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

The accounting policies and notes on pages 21 to 39 form part of these financial statements.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Accounting Policies

Period ended 31 August 2013

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Charity Commission Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Accounting Policies *(continued)*

Period ended 31 August 2013

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

Conversion to 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 and has been accounted for under the acquisition accounting method.

Freehold land and buildings transferred on conversion have been valued at estimated depreciated replacement cost and other assets and liabilities transferred from the predecessor school to the academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their estimated depreciated replacement cost/fair value is in accordance with the accounting policies set out for the academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income except for the pension liability which is recognised as a cost in the Statement of Financial Activities. The amounts have been analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 18.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Accounting Policies *(continued)*

Period ended 31 August 2013

Fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Assets transferred at inception have been included as an original donation within the Statement of Financial Activities. Land and buildings are stated at their depreciated replacement cost based on a professional valuation and other assets are stated at their depreciated cost as at the date of conversion.

Depreciation on fixed assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% per annum
Equipment	-	20% per annum
Computer equipment	-	33% per annum

Operating lease agreements

Rentals under operating leases are charged on a straight line basis over the lease term.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Accounting Policies (*continued*)

Period ended 31 August 2013

Pension costs

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 15, the TPS is a multi employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Going concern

The Governors 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 to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Taxation

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

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

1. Voluntary income and transfer on conversion

	Restricted Funds	Restricted Fixed Asset Funds	Total Funds Period from 1 Sep12 to 31 Aug 13
	£	£	£
Donations	3,698	–	3,698
Transfer from Local Authority on conversion	182,668	7,905,774	8,088,442
Pension deficit on conversion	(434,000)	–	(434,000)
	<u>£(247,634)</u>	<u>£7,905,774</u>	<u>£7,658,140</u>

2. Incoming resources from activities for generating funds

	Unrestricted Funds	Total Funds 2013
	£	£
Catering income	4,688	4,688
Other income	9,425	9,425
	<u>£14,113</u>	<u>£14,113</u>

3. Investment income

	Unrestricted Funds	Total Funds 2013
	£	£
Bank interest receivable	123	123

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

4. Funding for academy trust's educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £
EFA revenue grants			
General Annual Grant (GAG)	1,401,951	–	1,401,951
Pupil Premium	30,261	–	30,261
PE Teacher grant	3,167	–	3,167
Insurance	19,303	–	19,303
	<u>1,454,682</u>	<u>–</u>	<u>1,454,682</u>
Other Government grants			
Top Up funding	295,247	–	295,247
OSLO	8,333	–	8,333
	<u>303,580</u>	<u>–</u>	<u>303,580</u>
Trip income	2,516	–	2,516
Capital grants			
Devolved formula capital	–	6,565	6,565
	<u>£1,760,778</u>	<u>£6,565</u>	<u>£1,767,343</u>

5. Resources expended

	Staff costs £	Premises £	Other costs £	Total Funds 2013 £
Charitable activities:				
Direct costs	1,374,306	60,280	130,937	1,565,523
Support costs	139,260	68,708	74,696	282,664
	<u>1,513,566</u>	<u>128,988</u>	<u>205,633</u>	<u>1,848,187</u>
Governance costs including allocated support costs	–	–	9,100	9,100
	<u>£1,513,566</u>	<u>£128,988</u>	<u>£214,733</u>	<u>£1,857,287</u>

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

6. Educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £
Direct costs			
Teaching and educational support staff	1,374,306	–	1,374,306
Depreciation	–	72,159	72,159
Technology costs	25,489	–	25,489
Educational supplies	69,000	–	69,000
Staff development	8,665	–	8,665
Other direct costs	15,904	–	15,904
	<u>1,493,364</u>	<u>72,159</u>	<u>1,565,523</u>
Allocated support costs			
Support staff costs	139,260	–	139,260
Recruitment and support	1,425	–	1,425
Maintenance of premises and equipment	13,927	–	13,927
Cleaning	2,234	–	2,234
Rent and rates	2,667	–	2,667
Energy costs	18,311	–	18,311
Insurance	21,392	–	21,392
Catering	19,845	–	19,845
Bought in professional services	35,301	–	35,301
Other support costs	28,302	–	28,302
	<u>282,664</u>	<u>–</u>	<u>282,664</u>
	<u>£1,776,028</u>	<u>£72,159</u>	<u>£1,848,187</u>

7. Governance costs

	Restricted Funds £	Total Funds 2013 £
Accountancy fees	2,350	2,350
Audit fees	6,750	6,750
	<u>£9,100</u>	<u>£9,100</u>

Northern House School Academy Trust, Company number 08140768

Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

8. Net incoming resources for the period

This is stated after charging:

	2013
	£
Staff pension contributions	186,487
Fees payable to auditor	
Audit	6,750
Other services	2,350
Depreciation	72,159
	<u> </u>

9. Staff costs and emoluments

	2013
	£
Wages and salaries	1,241,232
Social security costs	85,847
Other pension costs	186,487
	<u>£1,513,566</u>

Particulars of employees:

The average number of employees during the period, expressed as full time equivalent numbers were:

	2013
Teachers	15
Administration and support	28
Management	3
	<u> </u>
	46
	<u> </u>

The number of employees whose remuneration for the period fell within the following band on an annualised basis was:

	2013
£70,000 to £79,999	1
	<u> </u>
	1
	<u> </u>

Northern House School Academy Trust, Company number 08140768

Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for this person amounted to £9,768.

10. Governors' remuneration and expenses

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in their services as Governors. Other Governors did not receive any payments from the academy in respect of their role as Governors. The value of the Headteacher's and staff governors' remuneration in the period to 31 August 2013 was as follows:

	2013
I Barker (Headteacher)	£70,000 - £75,000
Staff governor 1	£45,000 - £50,000
Staff governor 2	£40,000 - £45,000
Staff governor 3	£35,000 - £40,000
Staff governor 4	£15,000 - £19,000

Employer pension contributions paid in respect of the above were at 14.1%, and at 19.3%.

No expenses were paid to Governors for the period to 31 August 2013.

11. Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2013 was £1,816.

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

12. Tangible fixed assets

	Freehold property £	Computer equipment £	Equipment £	Total £
Cost				
Additions	-	14,247	-	14,247
Transfer on conversion	7,824,000	21,766	10,559	7,856,325
At 31 August 2013	<u>7,824,000</u>	<u>36,013</u>	<u>10,559</u>	<u>7,870,572</u>
Depreciation				
Charge for the period	60,280	9,767	2,112	72,159
At 31 August 2013	<u>60,280</u>	<u>9,767</u>	<u>2,112</u>	<u>72,159</u>
Net book value				
At 31 August 2013	<u>£7,763,720</u>	<u>£26,246</u>	<u>£8,447</u>	<u>£7,798,413</u>

13. Debtors

	31 Aug 13
	£
Trade debtors	3,188
VAT recoverable	10,339
	<u>£13,527</u>

14. Creditors: amounts falling due within one year

	31 Aug 13
	£
Trade creditors	12,950
Taxation and social security	26,150
Other creditors	23,101
Accruals and deferred income	20,360
	<u>£82,561</u>

Deferred income

	2013
	£
Resources deferred in the year	8,333
Deferred income at 31 August 2013	<u>8,333</u>

Deferred income relates to OSLO income.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

15. Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Oxfordshire County Council. Both are defined benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were outstanding contributions of £23,284 at the end of the financial year.

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. 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.

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 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 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' 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

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

15. Pensions and similar obligations *(continued)*

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton 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.

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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Northern House School Academy Trust, Company number 08140768 Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

15. Pensions and similar obligations *(continued)*

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £111,000, of which employer's contributions totalled £85,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 19.3 per cent for employers. The contribution rate for employees is determined by reference to their full time equivalent pay as follows:-

Band	Whole time pay rate	Contribution rate
1	£0 to £13,700	5.5%
2	£13,701 to £16,100	5.8%
3	£16,101 to £20,800	5.9%
4	£20,801 to £34,700	6.5%
5	£34,701 to £46,500	6.8%
6	£46,501 to £87,100	7.2%
7	More than £87,100	7.5%

Principal actuarial assumptions

	At 31 Aug 2013
Discount rate	4.7%
Salary Increases	5.1
Pension Increases	2.9
CPI Increases	2.9
RPI increases	3.7

Northern House School Academy Trust, Company number 08140768
Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

15. Pensions and similar obligations (continued)

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

	At 31 August 2013
Retiring today	
Males	19.2
Females	23.2
Retiring in 20 years	
Males	21.1
Females	25.1

Sensitivity analysis

	£000's	£000's	£000's
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	1,172	1,207	1,244
Projected service cost	94	97	101
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	1,161	1,207	1,254
Present value of total obligation	92	97	102

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were:

	Expected return at 31 Aug 2013	Fair value at 31 Aug 2013
	%	£
Equities	7.0	401,000
Bonds	4.4	23,000
Property	6.0	35,000
Cash	0.5	23,000
Gilts	3.5	70,000
Other (Hedge Funds)	5.0	29,000
Total market value of assets		581,000
		(1,207,000)
Deficit in the scheme		(626,000)

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

Northern House School Academy Trust, Company number 08140768
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Notes to the Financial Statements

Period ended 31 August 2013

15. Pensions and similar obligations (continued)

Amounts recognised in the Statement of Financial Activities

	2013 £
Current service cost (net of employee contributions)	74,000
Interest on obligation	41,000
Expected return on Scheme assets	(25,000)
Total operating charge	90,000

Analysis of pension finance income/(costs)

	2013 £
Expected return on pension scheme assets	25,000
Interest on pension liabilities	(41,000)
Pension finance income/(costs)	(16,000)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is £187,000 loss.

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.

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

	2013 £
On conversion	837,000
Current service cost	74,000
Interest on pension liabilities	41,000
Employee contributions	26,000
Actuarial gain/(loss)	229,000
At 31 August 2013	1,207,000

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

	2013 £
On conversion	403,000
Expected return on pension scheme assets	25,000
Actuarial gain/(loss)	42,000
Employer contributions	85,000
Employee contributions	26,000
At 31 August 2013	581,000

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Period ended 31 August 2013

15. Pensions and similar obligations *(continued)*

Reconciliation of opening and closing deficit:

	2013 £
Opening defined benefit obligation	(434,000)
Current service cost (net of employee contributions)	(74,000)
Employer contributions	85,000
Other finance income/(costs)	(16,000)
Actuarial gain/(loss)	(187,000)
Deficit at 31 August 2013	(626,000)

The one year history of experience adjustments is as follows:

	2013 £
Present value of defined benefit obligations	(1,207,000)
Fair value of share of scheme assets	581,000
Deficit in the scheme	(626,000)
Experience adjustments on share of scheme assets	
Amount (£)	42,000
Amount (%)	7

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Period ended 31 August 2013

16. Funds

	Incoming resources £	Resources expended £	Gains and losses £	Transfer £	Balance at 31 Aug 2013 £
Restricted general funds					
General annual grant	1,401,951	(1,387,361)	-	(14,247)	343
Funds from predecessor school	182,668	(30,242)	-	-	152,426
Other DfE/EFA grants	52,731	(52,731)	-	-	-
Defined benefit pension scheme	-	(439,000)	(187,000)	-	(626,000)
Other Government grants	303,580	(303,580)	-	-	-
Other restricted funds	6,214	(6,214)	-	-	-
	<u>1,947,144</u>	<u>(2,219,128)</u>	<u>(187,000)</u>	<u>(14,247)</u>	<u>(473,231)</u>
Restricted fixed asset funds					
Capital expenditure from GAG	-	(3,067)	-	14,247	11,180
Transfer on conversion	7,856,325	(69,092)	-	-	7,787,233
Devolved formula capital on conversion	49,449	-	-	-	49,449
Devolved formula capital	6,565	-	-	-	6,565
	<u>7,912,339</u>	<u>(72,159)</u>	<u>-</u>	<u>14,247</u>	<u>7,854,427</u>
Total restricted funds	<u>9,859,483</u>	<u>(2,291,3287)</u>	<u>(187,000)</u>	<u>-</u>	<u>7,381,196</u>
Unrestricted funds					
Unrestricted funds	14,236	-	-	-	14,236
Total unrestricted funds	<u>14,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,236</u>
Total funds	<u>£9,873,719</u>	<u>£(2,291,287)</u>	<u>£(187,000)</u>	<u>-</u>	<u>£7,395,432</u>

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the period.

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

- General Annual Grant to be spent in accordance with funding agreement terms;
- Funds on conversion to be spent on Academy educational purposes;
- Restricted fixed asset funds are amounts invested in assets and capital grants to be spent on future capital projects.
- General unrestricted funds are spent at the discretion of the Governors

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Notes to the Financial Statements

Period ended 31 August 2013

17. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset fund £	Total £
Tangible fixed assets			7,798,413	7,798,413
Current assets	14,236	235,001	56,014	305,251
Current liabilities	-	(82,232)	-	(82,232)
Pension scheme liability	-	(626,000)	-	(626,000)
	<u>14,236</u>	<u>(473,231)</u>	<u>7,854,427</u>	<u>7,395,432</u>

18. Conversion to an Academy Trust

On 1 September 2012 the predecessor school converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Northern House School Academy Trust from the Oxfordshire County Council Local Authority for £nil consideration as defined in the Accounting Policies.

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

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets				
Freehold/leasehold land & buildings	-	-	7,824,000	7,824,000
Other tangible fixed assets	-	-	32,325	32,325
Budget surplus on LA funds	-	182,668	56,014	238,682
LGPS pension deficit	-	(434,000)	-	(434,000)
Net assets/(liabilities)	<u>-</u>	<u>(251,332)</u>	<u>7,912,339</u>	<u>7,661,007</u>

The above net assets/(liabilities) include £232,117 transferred as cash.

19. Ultimate controlling party

There is no ultimate controlling party.

20. Company limited by guarantee

The Academy Trust is a company limited by guarantee and does not have share capital.

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Notes to the Financial Statements

Period ended 31 August 2013

21. Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

	2013
	£
Net incoming resources before transfers	7,582,432
Fixed assets transferred from local authority on conversion	(7,856,325)
Depreciation	72,159
Pension transferred from local authority on conversion	434,000
Interest receivable	(123)
FRS 17 Pension cost less contributions payable	(11,000)
FRS 17 pension finance income	16,000
Decrease/(increase)in debtors	(13,527)
(Decrease)/increase in creditors	82,561
Net cash inflow from operating activities	<u>306,177</u>

22. Returns on investments and servicing of finance

	2013
	£
Interest received	<u>123</u>

23. Capital expenditure

	2013
	£
Purchase of tangible fixed assets	<u>(14,247)</u>
Net cash inflow from capital expenditure and financial investment	<u>(14,247)</u>

24. Members' liability

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