

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

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

NORTHERN HOUSE SCHOOL ACADEMY TRUST

(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Trustees' responsibilities statement	16
Independent auditors' report	17 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities	21
Balance sheet	22
Cash flow statement	23
Notes to the financial statements	24 - 49

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

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

Trustees / Directors

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

Senior Management Team

David Ian Barker CEO (Accounting Officer)
Gareth Preen Finance and Business Manager (CFO)
Joanna Jones Head Teacher (Oxford)
Trevor Scott Head Teacher (Solihull)
Fran Pass Head Teacher (City of Wolverhampton)

Company Name

Northern House School Academy Trust

Principal and registered office

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

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Solicitors

Blake Morgan, West Way, Oxford, OX2 0FB

Responsible Officer / Assurance Officer

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

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates three special academies in England:

- Northern House School (Oxford);
- Northern House School (Solihull);
- Northern House School (City of Wolverhampton).

Its academies have a combined pupil capacity of 292 places (86 Oxford, 80 Solihull, 126 City of Wolverhampton) which are mainly commissioned through the respective local authority.

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 are also the Directors of the charitable company for the purposes of company law. The Charitable Company is known as Northern House School Academy Trust.

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.

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 Academy Trust. The insurance is purchased through the government's RPA 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 Academy 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 Academy Trust will also perform an annual skills audit of Trustees. Where any gaps are identified, training courses are offered to address these issues.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Organisational Structure

Working closely with the CEO, the Trustees are 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, the Trustees help the Academy Trust maintain a long term focus whilst challenging and supporting the CEO and the Local Governing Bodies 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 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, working within the Trust, which is led by the CEO and CFO. Areas of support include Finance, HR and Governance.

The CEO is the Academy Trust's Accounting Officer.

The CFO has direct access to the Finance and Estates Committee as well as to the Chairperson.

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 through appraisals by the CEO;
- Headteachers through appraisals led by the Local Governing Body of each school.

With the exception of the CEO and Accounting Officer no Trustees or Directors receive pay or remuneration other than reimbursement of reasonable expenses.

Related Parties and other Connected Charities and Organisations.

On 1 January 2016 'New Park School' was converted to 'Northern House School (City of Wolverhampton)'.

Northern House School Academy Trust was approached by the DfE to sponsor a further two schools:

- Kingston PRU;
- Southfield School.

The Trust is in possession of an Academy Order in respect of these schools and has received pre-opening sponsorship funding for 'Kingston PRU', with conversion to 'Northern House School (City of Wolverhampton) Pupil Referral Unit' confirmed for 1 September 2016.

The Trust received the Academy Order in relation to Southfield School on 18 August 2016. Week beginning 28 November 2016 the Trustees accepted the proposed top up rate from Wokingham Council.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy 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

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;
- 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 the Academy takes informed account of current mainstream practices, so assisting successful re-integration of its pupils;
- Ensure 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 prioritizing 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:
 - To show evidence of high performing and consistent leadership and management throughout the Trust;
 - Explore other schools seeking sponsorship and proactively work with the DfE in offering sponsorship to suitable schools;
 - Relocate financial and the Central Support team to the Valley Park Campus in Wolverhampton,
 - Ensure CEO and CFO are available to provide support, coaching and mentoring to the Trusts Schools and their 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 arrangements 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Public Benefit

The Academy 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.

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. The Trust's Integration and Outreach team also provides advice and support to mainstream schools and other partners within Oxfordshire in order to ensure a smooth transition of its pupils into a mainstream setting or into a specialist secondary setting.

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):
 - Ofsted 'outstanding' judgement for the fourth consecutive inspection. Being graded as outstanding for a fourth inspection is an amazing achievement and is highly unusual in any setting. More significantly this was the first inspection following academisation and the rapid development of the Trust; this process recognised that this had been both a positive and beneficial development for the Oxford School. The report recognised that our self-evaluation is accurate and that the leadership within the school continues to push the school forward;
 - Assessing children's individual special educational needs and putting into place appropriate support, including the use of Pupil Premium funding to resource therapies including art, music and play and the use of an independent Speech and Language Therapist and Occupational Therapy to provide specific language and sensory programmes for pupils;
 - Four of our year 6 pupils transferred to mainstream secondary schools following carefully planned integration programmes enabling their confidence to be built and for them be ready for mainstream education. Two of the boys had been in our school for 2 years and the other two for 3 years;
 - Agreeing to a senior member of staff's sabbatical request of a year and developing and up-skilling two less experience staff into that role. This has supported the development of a more strategic leadership team and the possibility of sharing core responsibilities more widely and has supported the school (and Trust) in growing talent and developing future leaders;
 - Investing in training additional Team Teach Tutors has enabled an increase in income generation and developed the support available in school to meet the individual needs of pupils. Over the year this has resulted in additional training to increase staff confidence and a reduction in the duration of Restrictive Physical Interventions.
 - Received a significant capital grant for much needed heating work;
 - Successfully sharing a music teacher with Solihull, demonstrating that distance has not been a barrier to collaborative working.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Achievements and Performance (continued):

- Northern House School (Solihull):
 - Received financial support that has enabled the school to take a number of pupils to Isle of Tiree, which was a successful week long residential expedition;
 - Significantly reduced damage compared to pre-academy days, demonstrating the positive influence Northern House has made on improvements in behaviour;
 - Being approached by the Local Authority to increase student capacity, demonstrating its faith and confidence in the school.
- Northern House School (City of Wolverhampton):
 - Successfully joined Northern House School Academy Trust;
 - Began to develop external partnerships with commercial organisations, which will bring in a number of grants in the future;
 - Successfully undertook extensive maintenance works.
- Trust:
 - Negotiated in the week ending 25 November 2016, a top up rate for Southfield School, to be known as Northern House School (Wokingham), that will be sustainable and acceptable to the Trustees;
 - Rolled out a number of staff benefits, which have assisted in recruitment and retention, as well as supported the drive for improvements in staff attendance, although following the Autumn Statement a number of these benefits may need to be scaled back;
 - Established a new head office at the Valley Park Campus in Wolverhampton, which frees up much needed space in Northern House School (Solihull) and ensures the Central Support Team has required space as the Trust grows and develops;
 - Achieved efficiencies in administration by standardising policies, templates and forms as far as possible across all of the schools;
 - Set up a new website for Northern House School (PRU);
 - 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.
- Other:
 - Through effective use of data, targeted resources in order to advance the education of pupils, in particular Pupil Premium children, so closing the gap in attainment;
 - All our pupils present with behavioural difficulties. Nevertheless, visitors to our schools often 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 frequently indicates how well behaved our pupils are outside school.

Key Financial Performance Indicators

Key Financial Performance Indicators Include:

- Maintain cash reserves to fund one month's projected expenditure;
- To continually review, strategically and operationally, all resources expended or planned.

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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 2016 was obtained from the EFA and the respective Local Authorities for commissioned places. This is expected to be the position moving forward.

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

In addition to this, the Academy received sponsorship funding to support the conversion of Kingston PRU in Wolverhampton to Northern House School Academy Trust. All these are reflected in the accounts as part of 'restricted income'. The Trust will be receiving further funding in the financial year 1 September 2016 to 31 August 2017 in order to support the conversion of Southfield School in Wokingham to Northern House School Academy Trust.

The Academy has generated a small sum of unrestricted income and recognizes 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 with all our places being 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 expected times of standstill funding to the DfE pre 16 High Needs Places.

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

At 31 August 2016 the total funds comprised:

Unrestricted	£195,892
Restricted:	
Fixed asset funds	£18,561,581
GAG	£451,396
Pension reserve	£(3,441,000)
Other	£355,436
Total	<u>£16,123,305</u>

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 Academy are:

- Reputational risk – mitigated by the consistent adherence to sound policies and procedures, surrounding pupil behaviour, 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, specifically planned and commissioned places, reduction in central government funding, unbudgeted increase in teaching or support staff costs, unbudgeted major capital repairs, uncertainty in respect of the PFI at Northern House School (Solihull) and the true financial impact of this, or an increase in central costs following and during future conversion and Trust expansion. The risks presented here are mitigated by prudent budgeting, three year financial planning, seeking external accounting support, developing a building maintenance plan, regular budget monitoring and timely remedial action;
- Risks associated with personnel – 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 – 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 Academy Trust practices through its Board, its governing bodies and the constituted subcommittees, risk management principles. 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 maintain an objective not to run 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

PLANS FOR FUTURE PERIODS

The Chair Person, Michael Benson, resigned from his position on 27/09/2016. The Trustees have appointed a new Chair, William Powlett Smith, with effect from that date.

Northern House School Academy Trust currently has an academy order in relation to Southfield School in Wokingham. In addition to this, on 1 September 2016 Kingston PRU in Wolverhampton converted to Northern House School (PRU).

The Trust is also seeking to expand its provision further and develop a mix of special and mainstream schools provided that this action meets the aims of the Trust and the needs of the schools.

Other medium to longer term objectives will include:

- maintaining a financial surplus and continue as a going concern;
- continuing to improve educational standards;
- expanding the Northern House School Academy Trust, supporting other schools that require assistance;
- Northern House School (Oxford) initiating an extended outreach project, supporting other schools through the full management and governance of an off site provision;
- minimising exposure of risk to the Trust 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. The Trustees have also identified that the very nature of the Trust, its expansion and development plan mean that the schools we or the DfE identify as likely to benefit most from value added by Northern House's skills and experience will be widely dispersed geographically. Therefore, the Trust needs to be flexible as 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
- 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.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company Directors, on 15 December 2016 and signed on the board's behalf by:

.....
William Powlett Smith
Chair of Trustees

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

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016**

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 CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northern House School Academy Trust and the Secretary of State for Education. The CEO 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 4 times during the year.

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

Attendance: 01/09/2015 – 31/08/2016

MAT Board	Term 1 07/10/2015	Term 2 16/12/2015	Term 3 02/03/2016	Term 4 30/06/2016
Mike Benson	P	P	P	P
Jean Carr	A	P	P	P
Jon Rayman	P	P	P	P
Kevin Thompson	P	P	P	P
Seonaid Danziger	P	P	P	P
Ian Barker	P	P	P	P
Phil Leivers	P	P	A	P
Marshall Young	P	P	P	P

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

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 Responsible 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 Academy's financial position.

Attendance of Directors and FBM: 01/09/2015 – 31/08/2016

Finance & Estates	Term 1 22/09/2015	Term 2 23/10/2015	Term 3 25/01/2016	Term 4 18/04/2016 Cancelled	Term 4 10/05/2016
Ian Barker	P	P	A		P
Kevin Thompson	P	A	P		P
Jean Carr	P	A	P		P
Mike Benson	P	P	P		P
Seonaid Danziger	P				
Marshall Young		P			
Gareth Preen (FBM)	P	P	P		P

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

On 23/10/2015 Marshall Young joined the Committee and Seonaid Danziger stepped down.

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

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

REVIEW OF VALUE FOR MONEY

As accounting officer the CEO has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcome 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 for the academy trust has delivered improved value for money during the year by:

- centralising all invoice processing through a single Trust finance system;
- single member of staff employed centrally to manage all of the schools websites, which are now being updated in a timely and efficient manner, with up to date, interesting and accurate content, that meets all requirements;
- 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), so not only saving salary costs, but enabling the sharing of good practice and 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;
- investing in ICT across of the school in order to reduce downtime and improve teaching and learning,
- continuing to appoint new staff on 32.5 hour contracts, rather than 37 hour contracts at Northern House School (Solihull);
- improving employee term, such as 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 continuation 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 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 Limited for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 2015 to 31 August 2016 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.

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 Sandwell MBC taking on the role of responsible officer (assurance officer) from 1 September 2015, with reports being received from Majinder Bhogal.

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

In response to future pressures on expenditure and decreasing levels of income the Trustees have taken the prudent approach to allocate appropriate funds to mitigate future risks associated with the costs surrounding management of change processes.

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

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

REVIEW OF EFFECTIVENESS

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

- the work of the 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 15 December 2016 and signed on its behalf by:

.....
William Powlett Smith
Chair of Trustees

.....
David Ian Barker
Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies' Financial Handbook 2015.

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 2015.

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 EFA.

.....
David Ian Barker
Accounting Officer

15 December 2016

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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 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 of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- 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 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 15 December 2016 and signed on its behalf by:

.....
William Powlett Smith
Chair of Trustees

.....
David Ian Barker
Accounting Officer

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

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

We have audited the financial statements of Northern House School Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

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 Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

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

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year 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.

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

19 December 2016

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

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

In accordance with the terms of our engagement letter dated 10 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 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
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTHERN HOUSE SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (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;
- 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 2015 to 31 August 2016 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

19 December 2016

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 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	7,946,305
Academy transfer	2	-	(800,681)	2,793,000	1,992,319	-
Other donations and capital grants	2	-	18,772	156,948	175,720	66,189
Charitable activities	5	-	5,744,829	-	5,744,829	3,910,999
Other trading activities	3	109,839	-	-	109,839	67,776
Investments	4	1,389	-	-	1,389	720
TOTAL INCOME		111,228	4,962,920	2,949,948	8,024,096	11,991,989
EXPENDITURE ON:						
Charitable activities	8	-	5,531,367	314,277	5,845,644	3,800,095
TOTAL EXPENDITURE	6	-	5,531,367	314,277	5,845,644	3,800,095
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	111,228	(568,447)	2,635,671	2,178,452	8,191,894
		-	(197,362)	197,362	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		111,228	(765,809)	2,833,033	2,178,452	8,191,894
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,468,000)	-	(1,468,000)	18,000
NET MOVEMENT IN FUNDS		111,228	(2,233,809)	2,833,033	710,452	8,209,894
RECONCILIATION OF FUNDS:						
Total funds brought forward		84,664	(400,359)	15,728,548	15,412,853	7,202,959
TOTAL FUNDS CARRIED FORWARD		195,892	(2,634,168)	18,561,581	16,123,305	15,412,853

The notes on pages 24 to 49 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 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		18,436,581		15,728,548
CURRENT ASSETS					
Stocks	16	8,742		-	
Debtors	17	349,687		105,192	
Cash at bank and in hand		2,041,109		970,445	
			<u>2,399,538</u>		<u>1,075,637</u>
CREDITORS: amounts falling due within one year	18		<u>(1,271,814)</u>		<u>(280,332)</u>
NET CURRENT ASSETS			<u>1,127,724</u>		<u>795,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,564,305</u>		<u>16,523,853</u>
Defined benefit pension scheme liability	24		<u>(3,441,000)</u>		<u>(1,111,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>16,123,305</u></u>		<u><u>15,412,853</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	806,832		710,641	
Restricted fixed asset funds	19	18,561,581		15,728,548	
Restricted income funds excluding pension liability		19,368,413		16,439,189	
Pension reserve	19	(3,441,000)		(1,111,000)	
Total restricted income funds			<u>15,927,413</u>		<u>15,328,189</u>
Unrestricted income funds	19		<u>195,892</u>		<u>84,664</u>
TOTAL FUNDS			<u><u>16,123,305</u></u>		<u><u>15,412,853</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:

.....
William Powlett Smith
Chair of Trustees

.....
David Ian Barker
Accounting Officer

The notes on pages 24 to 49 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 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>1,141,637</u>	<u>620,576</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,389	720
Purchase of tangible fixed assets		(229,310)	(97,768)
Capital grants from DfE/EFA		156,948	25,848
Cash transferred on conversion to an academy trust		-	72,795
Net cash (used in)/provided by investing activities		<u>(70,973)</u>	<u>1,595</u>
Change in cash and cash equivalents in the year		1,070,664	622,171
Cash and cash equivalents brought forward		<u>970,445</u>	<u>348,274</u>
Cash and cash equivalents carried forward	22	<u><u>2,041,109</u></u>	<u><u>970,445</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Northern House School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Northern House School Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

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 Department for Education where the asset acquired or created is held for a specific purpose.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 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.

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.

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

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

Donations are recognised on a receivable basis where there are no performance related conditions and there is probability of receipt 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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.

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

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

All resources expended are inclusive of irrecoverable VAT.

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 and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All tangible fixed assets costing more than £5,000 are capitalised at cost.

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.

The cost of tangible fixed assets transferred on conversion to Academy Trust status is stated as follows:

- land and buildings at their depreciated replacement cost based on a professional valuation;
- other assets at their depreciated value as at the date of conversion.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on 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 leasehold property	-	2% per annum on cost
Equipment	-	20% per annum on cost
Computer equipment	-	33% per annum on cost

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.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.10 Taxation

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

1.11 Debtors

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

1.12 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.

1.13 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.

1.14 Financial instruments

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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.

1.16 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from New Park School to an academy trust named Northern House School (City of Wolverhampton) have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities Incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.17 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 transfers 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.18 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Transfer from Local Authority on conversion	-	-	-	-	7,946,305
Academy transfer	-	(800,681)	2,793,000	1,992,319	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transfer on conversion	-	(800,681)	2,793,000	1,992,319	7,946,305
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Donations	-	18,772	-	18,772	341
Capital grants	-	-	156,948	156,948	65,848
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	-	18,772	156,948	175,720	66,189
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	(781,909)	2,949,948	2,168,039	8,012,494
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds, £(105,354) was to restricted funds and £8,117,848 was to restricted fixed asset funds.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Catering income	5,107	-	5,107	6,010
Other income	104,732	-	104,732	61,766
	<u>109,839</u>	<u>-</u>	<u>109,839</u>	<u>67,776</u>

In 2015, of the total income from other trading activities, £47,152 was to unrestricted funds, £20,624 was to restricted funds and £ NIL was to restricted fixed asset funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Bank interest receivable	1,389	-	1,389	720
	<u>1,389</u>	<u>-</u>	<u>1,389</u>	<u>720</u>

In 2015, of the total investment income, £ 720 was to unrestricted funds, £ NIL was to restricted funds and £ NIL was to restricted fixed asset funds.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	2,611,887	2,611,887	1,475,460
Pupil premium	-	169,175	169,175	132,358
Other DfE/EFA income	-	126,898	126,898	151,753
	-	2,907,960	2,907,960	1,759,571
Other government grants				
Top up funding	-	2,836,869	2,836,869	1,330,400
LA management fee	-	-	-	821,028
	-	2,836,869	2,836,869	2,151,428
	-	5,744,829	5,744,829	3,910,999

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds, £3,910,999 was to restricted funds and £ NIL was to restricted fixed asset funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational operations:					
Direct costs	3,615,593	220,020	521,704	4,357,317	3,042,988
Support costs	461,150	371,471	655,706	1,488,327	755,107
	4,076,743	591,491	1,177,410	5,845,644	3,798,095

In 2016, of the total expenditure, £ NIL (2015 - £12,985) was to unrestricted funds, £5,531,367 (2015 - £3,582,243) was to restricted funds and £314,277 (2015 - £202,867) was to restricted fixed asset funds.

7. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	6	-	

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. CHARITABLE ACTIVITIES

	Total funds 2016 £	<i>Total funds 2015 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	3,615,593	2,419,330
Depreciation	314,277	202,867
Staff development	30,219	24,477
Technology costs	49,807	34,801
Educational supplies	307,134	301,922
School trips expenditure	28,120	39,175
Examination fees	3,739	1,748
Other direct costs	8,428	18,668
	4,357,317	3,042,988
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs	461,150	312,724
Pension finance cost	62,000	42,000
Recruitment and support	29,359	12,052
Catering supplies	86,520	19,035
Maintenance of premises and equipment	175,771	32,046
Cleaning	29,779	4,624
Energy	83,654	49,951
Rates	17,475	8,701
Administrative supplies	109,092	30,751
Legal and professional	47,479	65,416
Non staff related insurance	28,856	8,921
Other support costs	116,687	62,269
PFI charges	197,544	89,367
Governance costs	42,961	19,250
	1,488,327	757,107
	5,845,644	3,800,095

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET RESOURCES EXPENDED/(INCOMING RESOURCES)

This is stated after charging:

	2016	<i>2015</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	314,277	<i>202,867</i>
Auditors' remuneration - audit	13,500	<i>12,000</i>
Auditors' remuneration - other services	28,750	<i>6,970</i>
Operating lease rentals	14,651	<i>9,152</i>
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016	<i>2015</i>
	£	£
Wages and salaries	3,185,749	<i>2,123,347</i>
Social security costs	272,271	<i>151,873</i>
Operating costs of defined benefit pension schemes	523,615	<i>340,294</i>
	3,981,635	<i>2,615,514</i>
Supply teacher costs	95,108	<i>116,540</i>
	4,076,743	<i>2,732,054</i>

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

	2016	<i>2015</i>
	No.	No.
Teachers	34	<i>26</i>
Administration and support	79	<i>47</i>
Management	9	<i>4</i>
	122	<i>77</i>

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

	2016	<i>2015</i>
	No.	No.
In the band £60,001 - £70,000	3	<i>2</i>
In the band £80,001 - £90,000	0	<i>1</i>
In the band £90,001 - £100,000	1	<i>0</i>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions amounted to £22,248 (2015: £30,498).

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 contributions) received by key management personnel for their services to the Academy Trust was £386,114 (2015: £303,745).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. 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 CEO 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:

		2016	<i>2015</i>
		£	£
I Barker (CEO)	Remuneration	90,000-95,000	<i>85,000-90,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>

During the year, one Trustee received benefits in kind totalling £3,847 (2015 - one trustee, £3,369).

During the year, expenses relating to non-trustee activities for travel and subsistence totalling £171 (2015 - £280) was reimbursed to one Trustee (2015 - one Trustee).

12. 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 a management fee for these services based on a percentage of income (2015 - flat management fee).

The actual amounts charged during the year were as follows:

	2016	<i>2015</i>
	£	£
Northern House School Oxford	81,474	<i>122,675</i>
Northern House School Solihull	93,653	<i>122,675</i>
Northern House School Wolverhampton	88,072	<i>-</i>
	<u>263,199</u>	<i><u>245,350</u></i>
Total		

£40,000 per school has been allocated to central funds to provide for future capital expenditure. Additionally, £100,000 from Northern House School Solihull and £50,000 from Northern House School Wolverhampton has been allocated to central funds to provide for future reorganisation expenditure.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust entered into the Department for Education's Risk Protection Arrangement in September 2014. This protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides unlimited cover for each and every loss and in the aggregate per academy whose academy trust is a member. The cost for the year ended 31 August 2016 is not separately identifiable.

14. PENSION FINANCE COST

	2016 £	2015 £
Interest on pension scheme liabilities	<u>(62,000)</u>	<u>(42,000)</u>

15. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Equipment £	Computer equipment £	Total £
Cost				
At 1 September 2015	15,916,000	33,659	128,191	16,077,850
Additions	-	148,440	80,870	229,310
Academy transfer	2,793,000	-	-	2,793,000
At 31 August 2016	<u>18,709,000</u>	<u>182,099</u>	<u>209,061</u>	<u>19,100,160</u>
Depreciation				
At 1 September 2015	287,333	9,498	52,471	349,302
Charge for the year	256,007	13,391	44,879	314,277
At 31 August 2016	<u>543,340</u>	<u>22,889</u>	<u>97,350</u>	<u>663,579</u>
Net book value				
At 31 August 2016	<u>18,165,660</u>	<u>159,210</u>	<u>111,711</u>	<u>18,436,581</u>
<i>At 31 August 2015</i>	<u>15,628,667</u>	<u>24,161</u>	<u>75,720</u>	<u>15,728,548</u>

Included in long-term leasehold property is land at valuation of £5,009,000 (2015 - £4,915,000) which is not depreciated.

Assets transferred from Wolverhampton have been included at the depreciated replacement cost.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

16. STOCKS

	2016 £	2015 £
Uniforms	8,742	-
	8,742	-

17. DEBTORS

	2016 £	2015 £
Trade debtors	45,716	-
Other debtors	1,543	3,971
Prepayments and accrued income	208,004	50,034
VAT recoverable	94,424	51,187
	349,687	105,192

18. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	232,933	176,335
Other taxation and social security	90,857	48,366
Other creditors	63,436	24,920
Accruals and deferred income	884,588	30,711
	1,271,814	280,332

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	5,748	3,887
Resources deferred during the year	707,584	5,748
Amounts released from previous years	(5,748)	(3,887)
	707,584	5,748

At the Balance Sheet date the academy trust was holding funds received in advance from the Local Authority. Additionally, universal infant free school meals received in advance for the autumn term 2016 were held.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Resources expended £	Transfers £	Gains/ (losses) £	Carried forward £
Unrestricted funds						
General unrestricted funds	84,664	111,228	-	-	-	195,892
Restricted funds						
GAG	237,194	2,611,887	(2,200,323)	(197,362)	-	451,396
Pupil premium	-	169,175	(169,175)	-	-	-
Other DFE/EFA 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>
Restricted fixed asset funds						
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><u>15,412,853</u></u>	<u><u>8,024,096</u></u>	<u><u>(5,845,644)</u></u>	<u><u>-</u></u>	<u><u>(1,468,000)</u></u>	<u><u>16,123,305</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. 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/EFA 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 Authority by 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 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	<i>Total 2015 £</i>
Northern House School Oxford	483,812	<i>463,812</i>
Northern House School Solihull	161,954	<i>225,162</i>
Northern House School Wolverhampton	86,958	<i>106,331</i>
Central fund : reorganisation	150,000	<i>-</i>
Central fund : capital	120,000	<i>-</i>
Total before fixed asset fund and pension reserve	1,002,724	<i>795,305</i>
Restricted fixed asset fund	18,561,581	<i>15,728,548</i>
Pension reserve	(3,441,000)	<i>(1,111,000)</i>
Total	16,123,305	<i>15,412,853</i>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. 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 depreciation £	Total 2016 £	Total 2015 £
Northern House School Oxford	1,174,836	103,249	222,151	125,638	1,625,874	1,447,209
Northern House School Solihull	1,225,896	140,865	117,193	345,842	1,829,796	1,725,909
Northern House School Wolverhampton	1,116,408	114,758	96,010	377,212	1,704,388	-
Northern House School PRU	450	-	2,445	41,220	44,115	-
Central services	98,003	102,278	(10,354)	137,267	327,194	341,441
Academy sponsorship grant	-	-	-	-	-	43,669
	<u>3,615,593</u>	<u>461,150</u>	<u>427,445</u>	<u>1,027,179</u>	<u>5,531,367</u>	<u>3,558,228</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	18,436,581	18,436,581	15,728,548
Current assets	195,892	2,078,646	125,000	2,399,538	1,075,637
Creditors due within one year	-	(1,271,814)	-	(1,271,814)	(280,332)
Pension liability	-	(3,441,000)	-	(3,441,000)	(1,111,000)
	<u>195,892</u>	<u>(2,634,168)</u>	<u>18,561,581</u>	<u>16,123,305</u>	<u>15,412,853</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	2,178,452	8,191,894
Adjustment for:		
Depreciation charges	314,277	202,867
Dividends, interest and rents from investments	(1,389)	(720)
Increase in stocks	(8,742)	-
Increase in debtors	(244,495)	(71,611)
Increase in creditors	991,482	174,299
Capital grants from DfE and other capital income	(156,948)	(25,848)
Pension adjustments	73,000	96,000
Fixed assets transferred from local authority on conversion	(2,793,000)	(8,109,510)
Pension transferred from local authority on conversion	789,000	236,000
Cash transferred from local authority on conversion	-	(72,795)
	1,141,637	620,576
Net cash provided by operating activities	1,141,637	620,576

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	2,041,109	970,445
Total	2,041,109	970,445

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. CONVERSION TO AN ACADEMY TRUST

On 1 January 2016 New Park 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 Wolverhampton City Council 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 gain in the Statement of Financial Activities Incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities Incorporating Income and Expenditure Account.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Leasehold land and buildings	-	-	2,793,000	2,793,000
Other assets	-	(11,681)	-	(11,681)
LGPS pension (deficit)	-	(789,000)	-	(789,000)
	<u>-</u>	<u>(800,681)</u>	<u>2,793,000</u>	<u>1,992,319</u>
Net assets/(liabilities)	<u>-</u>	<u>(800,681)</u>	<u>2,793,000</u>	<u>1,992,319</u>

24. PENSION COMMITMENTS

The Academy Trust's employees belong to four principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the three Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by Oxfordshire County Council and two by Wolverhampton City Council . All four are 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 2013.

Contributions amounting to £57,993 were payable to the schemes at 31 August 2016 (2015 - £19,293) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £259,562 (2015 - £163,468).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The three LGPS are funded defined benefit schemes, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £344,000 (2015 - £162,000), of which employer's contributions totalled £275,000 (2015 - £121,000) and employees' contributions totalled £69,000 (2015 - £41,000). The agreed contribution rates for future years are 12.6% (Northern House School Solihull and Wolverhampton) and 14.4% (Northern House School Oxford) 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.20 %	<i>4.00 %</i>
Rate of increase in salaries	3.90 %	<i>4.50 %</i>
Rate of increase for pensions in payment / inflation	2.10 %	<i>2.70 %</i>
Inflation assumption (CPI)	2.10 %	<i>2.70 %</i>
RPI increases	3.20 %	<i>3.60 %</i>

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2016	<i>2015</i>
Retiring today		
Males	23.2	<i>23.2</i>
Females	25.8	<i>25.5</i>
Retiring in 20 years		
Males	25.4	<i>25.6</i>
Females	28.1	<i>28.0</i>

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	953,000	<i>642,000</i>
Bonds	96,000	<i>58,000</i>
Property	111,000	<i>70,000</i>
Cash	66,000	<i>34,000</i>
Gilts	144,000	<i>100,000</i>
Alternative assets	129,000	<i>83,000</i>
Total market value of assets	<u>1,499,000</u>	<i><u>987,000</u></i>

The actual return on scheme assets was £180,000 (2015 - £32,000).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(285,000)	(174,000)
Net interest cost	(62,000)	(42,000)
Administration expenses	(1,000)	(1,000)
Total	<u>(348,000)</u>	<u>(217,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	2,098,000	1,548,000
Upon conversion	789,000	336,000
Current service cost	285,000	174,000
Interest cost	107,000	77,000
Contributions by employees	69,000	41,000
Actuarial losses/(gains)	1,603,000	(20,000)
Benefits paid	(11,000)	(58,000)
Closing defined benefit obligation	<u>4,940,000</u>	<u>2,098,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	987,000	751,000
Upon conversion	-	100,000
Return on plan assets (excluding net interest on the net defined pension liability)	45,000	35,000
Actuarial gains and (losses)	135,000	(2,000)
Contributions by employer	275,000	121,000
Contributions by employees	69,000	41,000
Benefits paid	(11,000)	(58,000)
Administration expenses	(1,000)	(1,000)
Closing fair value of scheme assets	<u>1,499,000</u>	<u>987,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

The amount recognised in the balance sheet is as follows:

	2016	<i>2015</i>
	£	£
Present value of defined benefit obligation	(4,940,000)	<i>(2,098,000)</i>
Fair value of scheme assets	1,499,000	<i>987,000</i>
	<hr/>	<hr/>
Defined benefit pension scheme liability	(3,441,000)	<i>(1,111,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

25. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016	<i>2015</i>
	£	£
Amounts payable:		
Within 1 year	16,178	<i>9,483</i>
Between 1 and 5 years	11,794	<i>8,417</i>
	<hr/>	<hr/>
Total	27,972	<i>17,900</i>
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26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

27. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	<i>1 September 2014</i>	<i>31 August 2015</i>
	£	£
Total funds under previous UK GAAP	7,202,959	15,412,853
Total funds reported under FRS 102	<u>7,202,959</u>	<u>15,412,853</u>

Reconciliation of net income	Notes	<i>31 August 2015</i>
		£
Net income previously reported under UK GAAP		8,209,894
Change in recognition of LGPS interest cost	A	(18,000)
Net income reported under FRS 102		<u>8,191,894</u>

Explanation of changes to previously reported funds and net income/expenditure:

- A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £18,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.