

Company Registration Number: 07553531 (England & Wales)

NORTHERN STAR ACADEMIES TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

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NORTHERN STAR ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|--|
| Members | J Beasley (appointed 28 May 2020) C Gorse (until 13 February 2020) M Kelly A Kempston-Parkes (appointed 11 February 2020) S Scott (appointed 6 May 2020) S Strickland R Thomas (until 11 February 2020) |
| Trustees | H Flynn, Chair of Trustees ¹ B Ashby, Vice Chair of Trustees M Chambers (appointed 13 December 2019) A Kelly (appointed 27 September 2019) ¹ M Kelly A Merifield (appointed 27 September 2019) J Plews, Chief Executive Officer and Accounting Officer S Scott (resigned 9 February 2020) N Walker (appointed 13 December 2019) ¹ ¹ Member of Audit and Finance Committee |
| Company registered number | 07553531 |
| Company name | Northern Star Academies Trust |
| Principal and registered office | 77 Gargrave Road Skipton North Yorkshire BD23 1QN |
| Company secretary | E Oliver, Director of Governance |
| Executive Leadership Team | J Plews, Chief Executive Officer J Barker, Chief Financial Officer L Wood, Financial Controller A Wheatcroft, Director of Primary School Improvement |
| Independent auditors | Clive Owen LLP Chartered Accountants and Statutory Auditors 140 Coniscliffe Road Darlington Co Durham DL3 7RT |
| Bankers | Lloyds Bank plc 49 Hustlergate Bradford BD1 1NT |
| Solicitors | Legal & Democratic Services North Yorkshire County Council County Hall Northallerton DL7 8AD |

NORTHERN STAR ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

Northern Star Academies Trust (NSAT), a multi-academy trust, was formed on 1 April 2015 by the transfer of Harrogate High School Academy Trust into the existing company structure of Skipton Girls' High School Academy Trust.

In the subsequent years, the following schools have joined the Trust:

New Park Primary Academy: 1 December 2015
Hookstone Chase Community Primary School: 1 September 2016
Eastwood Community School: 1 September 2018
Holycroft Primary School: 1 September 2018
Starbeck Community Primary Academy: 1 September 2019.

In the reporting year NSAT operated two secondary academies and five primary academies. The secondary academies, Skipton Girls' High School, a selective single-sex school and Harrogate High School, a nonselective mixed comprehensive, educated pupils aged 11 to 19. Our primary academies served early years and primary age pupils. Our academies served catchment areas across Skipton, Harrogate, Keighley and the wider community

On 1 September 2020, NSAT welcomed Greatwood Community Primary School into the Trust.

The Trust continues to actively discuss new membership with secondary and primary schools across and outside of our three `hub' areas of Skipton, Harrogate and Keighley.

As at the October 2020 school census the Trust has 3,155 pupils on roll (Reception to Year 13).

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity (company number 07553531). The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trustees of the Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Northern Star Academies Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

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

NORTHERN STAR ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management (continued)

Trustees' indemnities

The Trust is a member of the Risk Protection Arrangement, provided by the Education & Skills Funding Agency, which protects Trustees from claims arising against negligent acts, errors, or omissions occurring whilst on Trust business. Further details are provided in note 13.

Principal Activities

The principal activity is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools and offering a broad and balanced curriculum in line with the requirements of the master funding agreement in place with the Education & Skills Funding Agency.

The Trust also provides recreational facilities for the benefit of the local community where available.

Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

The number of Trustees of the company shall not be less than 3 but (unless determined by ordinary resolution) shall not be subject to a maximum. The Articles of Association set out the categories of Trustees and this includes the following:

- Up to 7 Trustees appointed by Members by ordinary resolution
- The Chief Executive Officer (CEO)
- A Deputy Chief Executive Officer
- A minimum of 2 elected Parent Trustees, if representation is not achieved in local governing bodies, (or appointed if the number of parents of individuals exercising parental responsibility standing for election is less than the number of vacancies)
- Trustees may appoint co-opted Trustees
- The number of Trustees who are employees of the company shall not exceed one third of the total number of Trustees, including the CEO
- The Secretary of State retains the power to appoint additional Trustees.

Trustees are appointed as and when vacancies occur or when individuals with the skills required are identified. The Trust carries out a skills audit on existing Trustees and candidate Trustees as appropriate to ensure a highly skilled and representative Board of Trustees.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to any post which is ex-officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction for new Trustees is given on an individual basis and includes one to one meetings with key staff and Trustees, visits to member academies and provision of a Governance Handbook. The Trust also delivers bespoke training sessions that Trustees are welcome to attend throughout the academic year. Opportunities for external training and development are also offered to Trustees when they are available and meet Trustee needs.

Where necessary, induction will include training on educational, legal, and financial matters. All new Trustees are provided with copies of key documents, such as the Scheme of Delegation, policies, procedures, accounts, budgets, plans and other documents that they need to undertake their role as Trustees.

Skills audits are conducted with existing Trustees to identify gaps at individual and Board level and inform Trustee training.

Organisational Structure

The Trust has in place a governance and management structure deemed appropriate to the Trust's constitution and objects. The Trust is constituted as a multi-academy trust and there are five core components to its governance and management structure: Members, the Board of Trustees, the Executive Leadership Team, Academy Local Governing Bodies and Academy Senior Leadership Teams (SLT).

The aim of the management structure is to encourage appropriate involvement in decision making at all levels and provide a good degree of separation to enable independent oversight of the operations of the Trust. Accountability for decision making is determined by the Trust's Scheme of Delegation.

The Trust's Members are the guardians of the charitable company. The Members receive the annual report and accounts, appoint Trustees and the external auditors, and hold the Board of Trustees to account.

The Board of Trustees is responsible for setting the Trust's strategy, adopting the annual plan and budget, monitoring Trust performance by use of outcomes, delegated mandates and budgets, and making major decisions about the direction and growth of the Trust, capital expenditure and senior staff appointments.

In the reporting year, the Executive Leadership Team comprised: the Chief Executive Officer (CEO) (also the Accounting Officer of the Trust), Chief Financial Officer, Financial Controller and Director of Primary School Improvement. This team runs the Trust at an executive level implementing the strategy and policies laid down by the Board of Trustees, and reporting back to them. In addition, the Trust's Director of Governance reports directly to the Board of Trustees and works closely with the Executive Leadership Team to ensure a good flow of information between the Board of Trustees and Executive Leadership Team.

Each member academy has a Local Governing Body, responsible for the monitoring of academy performance and local decision making as set out within the Trust's Scheme of Delegation. Local Governing Bodies report to the Trust's Board of Trustees.

Each academy has a Senior Leadership Team, including the Head Teacher, responsible for the day to day running of the academy, accountable to the Local Governing Body. The Senior Leadership Teams are responsible for implementing Trust plans in their particular academy and are tasked with delivering the best possible outcomes for students within the agreed budget. Hub Business Managers support Senior Leadership Teams across the Trust in this work.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management (continued)

Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration for all staff, including key management personnel, operates within the framework of the Trust's Scheme of Delegation and pay policies. Specifically, no Trustee receives pay and remuneration for their role as Trustee with the exception of the CEO who is an employee of the Trust. The CEO's pay and remuneration is set based on the size, responsibility and nature of the role and the role holder's performance, and is reviewed annually by Trustees supported by professional external assessment and assurance.

The pay and remuneration of each academy Head Teacher is set and reviewed by Trustees, with the involvement of Governors, based on role size and role holder's performance. The Trust follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The Trust's pay policy is based on the national agreed pay and conditions as outlined in the School Teachers Pay and Conditions Document and 'Burgundy book' and the National Joint Council for local government services 'green book'

Trade Union facility time

In line with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Trust can confirm that during the accounting period it had no employees who were union officials. The Trust complies with the regulations through a union agreement made available to the Trust through North Yorkshire County Council.

Related parties and other connected charities and organisations

The Trust became a multi-academy trust on 1 April 2015, following strong collaboration between Skipton Girls' High School Academy Trust and Harrogate High School Academy Trust. Both academies are founding members of Northern Star Academies Trust. The Trust currently has eight member academies.

During the reporting year, the Trust applied an annual central charge to member academies for central and support services.

The Trust coordinated and led Covid planning and response operations for all its academy schools.

The Trust has a 50% stake alongside Feversham College in a jointly owned subsidiary, Northern Lights Teaching School Alliance Limited, company number 08133729 (incorporated 6 July 2012), established to deliver teaching school activities under licence from National College. It currently collaborates with a wide range of schools across North Yorkshire, West Yorkshire and Bradford.

Northern Lights Teaching School Alliance Limited traded during the year ended 31 August 2020 and the transactions between this entity and the Trust are included within these financial statements.

The Trust also operates a School Centred Initial Teacher Training partnership (Northern Lights SCITT) providing school based teacher training.

The Teaching School and SCITT operate within agreed policy and terms set out in the relevant legal and operational documentation of the above entities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management (continued)

Related parties and other connected charities and organisations (continued)

For Post 16 provision there is some shared provision for minority subjects across local schools. A number of students from the Trust attend courses at Ermysted's Grammar School, and the Trust hosts a number of students from Ermysted's Grammar School, under normal business arrangements.

In addition, Harrogate High School is contracted as a School Games Organiser, for the Harrogate School Sports Partnership, funded by Ecorys. Harrogate High School also provides lettings management support to Harrogate Hockey Club, and the club provides access to Hockey Club facilities for Harrogate High students during the school day.

Further details are stated in notes 31 and 32 to the Financial Statements.

Engagement with employees (including disabled persons)

The Trust and academy leadership provide regular updates on Trust news, performance and successes. This is done using a combination of written, electronic and face to face communications.

Each year the Trust runs a Conference event to ensure all staff have the opportunity to participate in Trust development, input ideas and provide feedback.

The Trust also seeks the views of all staff through feedback questionnaires and encourages any feedback on issues important to staff colleagues. The Trust also consults with staff on relevant matters. A key example during the reporting year has been ongoing engagement with staff throughout the coronavirus outbreak, including the implementation of individual risk assessments and amendments to working practices for staff where required and practicable.

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunities in all areas of its activities including creating a workplace environment in which the contribution and needs of all people are fully valued.

The Trustees recognise their responsibility under disability legislation in relation to disabled students and employees and accessibility, in order to ensure that disabled students and employees do not receive less favourable treatment. The policy of the Trust is to support the recruitment and retention of pupils and employees with disabilities by making resources available and through training and career development, and supports this by adapting the physical environment where practicable and reasonable.

Engagement with suppliers, customers and others in a business relationship with the academy

The Trust has a direct and close working relationship with its primary customers – namely our pupils, their parents and carers and local communities. This relationship forms the cornerstone to the Trust's vision, mission and objectives.

To enable and support the Trust in achieving its objectives and aims it has a strong relationship with its suppliers, building strong and sustainable working relationships that deliver best value for our pupils. The Trust has clear policy guidelines on procurement, contracts and seeking best value underpinning its supplier relationships. It also recognizes the need to support key suppliers in difficult times, with the current Covid 19 pandemic demonstrating this need.

The Trust also recognizes the importance of seeking positive business and community relationships centered around our academies. This activity generates positive contributions, both financial and participative, that support our academies' goals and objectives and provide tangible benefit to our pupils and staff colleagues.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is set out in the Articles of Association. In summary it is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing academy schools by providing a high quality curriculum appropriate to the pupils and students.

In addition:

- the Trust aims to improve teaching and learning on a wider basis across school communities through partnership collaboration.
- the Trust also provides recreational facilities for the benefit of the local community where available.

As an ambitious and progressive multi-academy Trust, the following set of objectives drive performance across all our academies:

- providing learning of the highest quality which will allow all our pupils and students to achieve their full potential and improved life chances
- maintaining our commitment to excellence in all phases and subjects of provision while maximising the potential of each academy's specialism and strengths
- challenging stereotypes and contributing to social inclusion by raising standards in all areas of our work
- sharing innovative and leading edge practice in teaching and learning and further developing system-leadership locally, regionally and nationally through collaboration and partnership working
- ensuring appropriate levels of recruitment to early years, primary and secondary phase provision
- supporting the wider community by developing academy sites and extending access to provide recreational resources and a community farm (New Park Primary Academy), available to local schools and community groups
- to provide best value for money for the funds expended
- to comply with all appropriate statutory, regulatory and curriculum requirements
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The Executive Leadership Team of NSAT are focusing on the following areas of Trust development and school improvement in the academic year 2019-2020 and 2020-2021:

- Raising levels of pupil and student achievement across a broad and balanced curriculum through professional collaboration across the Trust
- To stretch and challenge pupils and students of all abilities
- Developing an innovative, inclusive curriculum fit for purpose and age appropriate
- Developing curriculum and assessment strategies in response to DfE national policy agenda
- Further developing community partnership to strengthen cohesion
- To develop our commitment to the green agenda through our curriculum and within our school environment
- To extend educational technology for the benefit of all in our teaching and learning
- Continued development as a successful regional and national support school
- Promoting our schools locally and nationally
- Developing the school sites and infrastructure to meet students' current and future needs
- Improving efficiency and best value across our Trust operations and services.
- Remain vigilant of and prepared for the continuing and changing impact of Covid 19 on our schools, pupils and staff, and have contingency plans in place to support continued high quality education

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Public benefit

The Trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the Trust should undertake.

The Trust works collaboratively with a range of other schools for the benefit of their students and offers recreational facilities to the local community.

Strategic report

Achievements and performance

The Trust has had a successful year in terms of meeting its objectives and implementing its school improvement priorities. It has also remained in strong financial health in a challenging environment. The performance data set out below highlights its progress.

It is important to recognise that during this academic year the Trust had to respond to, and effectively manage, the significant destabilizing impact of the Covid 19 outbreak, supporting all schools during partial closure and re-opening, and putting in place revised governance, risk assessments and operational solutions to ensure least impact for our pupils, their families and our staff colleagues.

This had a material impact on our pupils examination results and assessment.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Performance summary and key performance indicators

The numbers of pupils on roll in Trust academies at the time of the October 2019 census were as follows (2018/19 figures are shown for comparison):

Last year's results are set out below;

| Academy | 2018/19 | 2019/20 |
|----------------------------------|----------------|----------------|
| Year 7-11 | | |
| Harrogate High School | 570 | 616 |
| Skipton Girls High School | 645 | 641 |
| Year 12-13 | | |
| Harrogate High School | 39 | 18 |
| Skipton Girls High School | 249 | 233 |
| | | |
| New Park Primary Academy | | |
| Early Years | 15 | 21 |
| Primary | 153 | 160 |
| | | |
| Eastwood Community School | | |
| Early Years | 91 | 89 |
| Primary | 403 | 400 |
| | | |
| Holycroft Primary School | | |
| Early Years | 38 | 30 |
| Primary | 368 | 363 |
| | | |
| Hookstone Chase Primary | | |
| Primary | 306 | 317 |
| | | |
| Starbeck Primary Academy | | |
| Early Years | | 19 |
| Primary | | 186 |

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

The headline examination results for the year ending 31 August 2020 are not available due to the exceptional treatment of examinations and assessment due to the impact of Covid 19 on the school year. The Trust has effectively managed both in school provision and home learning over the impacted period to ensure pupils make educational progress and continue to meet their aspirations.

Last year's results are set out below;

| Academy | 2018/19 | 2019/20 |
|---|----------------|----------------|
| Progress 8 | | |
| Harrogate High School | -0.58 | |
| Skipton Girls' High School | +0.64 | |
| GCSE Best 9-4 in English & Mathematics | | |
| Harrogate High School | 51% | |
| Skipton Girls' High School | 100% | |
| GCSE Best 9-5 in English and Mathematics | | |
| Harrogate High School | 35% | |
| Skipton Girls' High School | 89% | |
| A-level A*-E | | |
| Harrogate High School | 88%* | |
| Skipton Girls' High School | 99% | |
| *very small cohort | | |
| New Park Primary Academy | | |
| SATS expected (RWM combined) | 81% | |
| Hookstone Chase Primary School | | |
| SATS expected (RWM combined) | 46% | |
| Eastwood Community School | | |
| SATS expected (RWM combined) | 58% | |
| Holycroft Primary School | | |
| SATS expected (RWM combined) | 67% | |
| Starbeck Primary Academy | | |
| SATS expected (RWM combined) | | |

During the academic year no Ofsted inspections took place.

The Trust complies with all the terms and conditions of its Funding Agreement and manages its reserves in line with the policies set out below.

Financial key performance indicators (2019/20 outturn):

| | |
|--|--------|
| Total income (excluding transfers on conversion) per student | £6,225 |
| • Total GAG income per student | £4,462 |
| • Direct Staff cost per student | £4,292 |
| • Total costs per student | £6,226 |
| • Staff costs as a % of total costs | 80.36% |
| • Staff costs as % of total income | 80.37% |
| • Student to teacher ratio | 17:1 |

Key performance indicators and targets are set each year with Trustees relating to pupil performance and outcomes, attendance and key financial measures contained within the Trust's budget and school improvement plan. These are monitored on a regular basis by Local Governing Bodies and Trustees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Going concern

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

The financial impact of the Covid 19 outbreak was considered and embedded within the Trust's financial monitoring and forecasting, using scenario-based models to test our overall viability. The Trust is satisfied that it remains a going concern.

Promoting the success of the company

Trustees recognise the importance of acting in accordance with their key duty of promoting the success of the company to achieve its charitable objects. This imperative is reflected in the Trusts' Vision and Values, Objectives and Aims, and demonstrated by its decision making and supporting policies.

The Trust actively works with community stakeholders and partners, local governing bodies and employees to re-enforce this aim, and has supporting codes of conduct in place for Trustees, Local Governors and employees.

The value of a strong working relationship was demonstrated in this difficult period, dealing with Covid 19, as Trustees saw the wellbeing of pupils, staff and the wider community as a key priority over this period.

The Trust ensured strong engagement and consultation with staff colleagues, pupils and parent/carers over this difficult period to ensure our objectives and responsibilities continued to be met.

Financial review

Overview

These financial statements reflect a 12 month accounting period from 1 September 2019 to 31 August 2020. The majority of income received is obtained from the Educational & Skills Funding Agency (ESFA) in the form of recurrent General Annual Grant (GAG) funding, the use of which is restricted for the day to day running of the Trust. The Trust also receives grants for fixed assets from the DfE/ESFA. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected life of the assets concerned.

In accordance with The Charities SORP (FRS102), such grants are set out in the Statement of Financial Activities as restricted income.

During the period the Trust received £20,276,000, of income, of which £13,092,000 was GAG funding. Other grants, income and transfers amounted to £7,184,000.

Expenditure for the period totalled £18,125,000, (excluding depreciation), including £14,679,000 of staff related costs supporting the day to day running of the Trust.

In aggregate, during the period, total excess of expenditure over income led to a deficit position of £991,000, excluding restricted fixed assets and before transfers and gains/losses.

The combined Local Government Pension Scheme (LGPS) liability stands at £10,304,000 as at the 31 August 2020, an increase from £7,962,000 in the prior year. The provisions of Financial Reporting Standards (FRS) 102 have been applied in full in respect of the LGPS pensions scheme. This is detailed in note 28 to the financial statements.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

As at the 31 August 2020 the net book value of fixed assets after depreciation is £30,918,000, as shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The in-year surplus, excluding the pension reserve and restricted fixed asset funds, was £200,000.

The Trust held fund balances at 31 August 2020 of £22,551,000 comprising £21,447,000 of restricted funds, including £10,304,000 deficit on the pension reserve, and £1,104,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2020 was £1,224,000

Reserves policy

The Trust's policy aims are (i) to remain appropriately funded over the medium term in order to deliver the Trust's plan and in light of the Trust's risk register, and (ii) to provide funding capacity for future estate maintenance and planned capital investment, (iii) to provide sufficient working capital to cover delays between spending and receipt of grants, and (iv) to provide contingency funding for unexpected emergencies.

Trustees have agreed a minimum level of reserves of £500,000. The Trust currently holds reserves in excess of this which it plans to use to meet cost pressures and income uncertainty of which the organisation currently faces

The Trustees review this policy and the minimum level of reserves annually. As part of its business planning the Trust runs a sensitivity analysis to ensure the Trust remains appropriately funded over the medium term. A number of scenarios relating to the future impact of Covid 19 were included and formed part of Trustees' consideration of the appropriate level of reserves to be held over the plan period.

The Trust has built in a specific Covid-19 contingency cost provision into its 2020/21 Budgets to mitigate this live risk going forward.

As at 31 August 2020 the Trust holds available reserves of £1,224,000, comprising of restricted general funds (excluding pension reserves) of £120,000 and unrestricted funds of £1,104,000. Included within restricted general funds (excluding pension reserves) is £111,000 restricted fund relating to the maintenance of the hockey pitch at Harrogate High School. The Trustees have reviewed these reserve levels and believe that they should provide a sufficient level of reserves to cover its stated aims.

Investment policy

The Trustees have approved plans to invest only in low risk bank deposit accounts, aligned to the Trust's reserves policy, with the flexibility to invest across a range of account terms in order to balance liquidity and return.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

Principal risks and uncertainties

The Trust has in place a formal risk management infrastructure. The Trust reviews risk at a strategic level through its risk register, and at an operational level in each academy (through its emerging risks log).

The risk register is formally reviewed at least annually by Trustees and remains a standing item on all agendas for full meetings of the Board of Trustees. In addition, the Chief Financial Officer tracks progress of any outstanding actions termly, and academy SLTs review the emerging risk log termly with their local governing bodies. Outstanding actions and emerging risks are consolidated termly and reviewed by Trustees.

The risk register seeks to identify the key risks that the Trust is or could be exposed to, identifies the likelihood of a risk occurring, its impact and the actions that are being addressed by management to mitigate the risk.

Risk categories considered are varied and include strategic, reputational, educational performance, operational and financial. Certain financial risks such as public and employee liability are mitigated through insurance cover.

The Trust operates systems of internal financial control and checking and these are examined periodically through internal audit checking and by external auditors. The Trust regularly reviews the appropriateness of its internal controls against its risk profile.

The Trust manages its finances to ensure a level of reserves adequate to cover unforeseen circumstances and to make planned use as a part of its medium term financial plan.

As a Multi-Academy Trust funded directly by the Department of Education, funding streams are considered to be relatively secure subject to management of pupil numbers, however the Trustees acknowledge the continued impact of government policy on overall and per pupil funding levels and public sector pay awards. Trustees recognise that the combined impact of continued funding pressure and staff related cost inflationary factors represent a material risk to manage within the Trust and across the education sector.

The Trust has prioritised its response to, and contingency for, the ongoing impact of Covid 19. It has established a separate Covid-19 financial risk register, re-negotiated supplier contracts where necessary, tracked Covid related expenditure and school risk assessments are in place for all individual academies, with supporting policies and operation procedures and contingency plans to support ongoing education. This has also been considered as an immediate financial risk to the Trust and has been embedded within the Trusts monitoring and budget planning processes.

The Trust also reviewed its financial controls and adopted an addendum to Finance Policy to support Covid working.

Other key financial risks that have been identified and are under management include failure to achieve planned pupil entry numbers and failure to manage the day to day running of the Trust in the medium term within forecast funding limits. Maintaining sustainable improvements in student achievement is one of the Trust's key performance related risks and is considered to be effectively managed.

As at 31 August 2020 the combined LGPS deficit amounted to £10,304,000. It should be noted that the Trust has agreed with the pension schemes a contribution plan for the scheme over future years as detailed in note 28 and therefore the deficit is assessed as presenting a low and manageable risk to the Trust.

The Trust has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

The Trust is subject to a number of risks and uncertainties in common with other academies. The Trust has in place controls against its key identified risks and has initiated actions in order to mitigate and manage down risks. Where significant financial risk still remains the Trust has ensured that adequate insurance cover is in place.

Fundraising

Skipton Girls High School operate a donations scheme for student laptops and parent donations for additional learning resources for some high resource subjects.

In addition, Skipton Girls, New Park, Hookstone Chase, Holycroft, Starbeck and Eastwood all operate PTAs to fundraise for their school by arranging social events throughout the year.

Donations are consolidated within school budget monitoring and are overseen by SLT and at Local Governing Body meetings. Donations in the second half of the year have been negatively impacted by the Covid 19 outbreak. The medium term impact of Covid 19 is expected to put pressure on donation levels going forward.

From time to time the Trust may receive one-off donations from community or business partners to support individual schools.

Streamlined energy and carbon reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020.

| | 2020 |
|--|----------------------|
| Energy consumption used to calculate emissions (kWh): | 3,916,168 |
| Energy consumption breakdown (kWh): | |
| Gas | 2,828,049 |
| Electricity | 1,088,118 |
| Scope 1 emissions (in tonnes of CO2 equivalent): | |
| Gas consumption | 520.00 |
| Total scope 1 | <u>520.00</u> |
| Scope 2 emissions (in tonnes of CO2 equivalent): | |
| Purchased electricity | 254.00 |
| Scope 3 emissions (in tonnes of CO2 equivalent): | |
| Business travel in employee-owned or rental vehicles | 9.00 |
| Total gross emissions (in tonnes of CO2 equivalent) | <u><u>783.00</u></u> |

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Streamlined energy and carbon reporting (continued)

Quantification and Reporting Methodology:-

- We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across our sites, introduced LED lighting and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

Plans for future periods

NSAT continues to collaborate with schools within the communities it serves and develop further member academies, in order to improve education for children and young people from a range of backgrounds. We aim to provide the highest educational opportunities for our pupils as well as providing professional development for all teaching and support staff, so that our academies support pupils in achieving great outcomes and we contribute to the raising of educational standards across the community.

We will continue to work with our partners in education, industry and commerce to develop innovative and challenging practices to achieve our aims and build on our current successes.

In the immediate future Covid 19 will effect much of the Trust's plans, however Trustees are committed to minimizing it's impact on the wellbeing of pupils and staff and the development priorities of the Trust. To this end the potential future impacts of Covid 19 are considered in our risk management frameworks, business and operational plans and our Budgets.

Funds held as custodian on behalf of others

Holycroft Primary School holds a small residual balance of funds, held on behalf of the Local Area Partnership of Schools in Keighley. Our SCITT also holds a small residual balance of in year bursary funding, held on behalf of ITT Funding, DfE.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2020 and signed on its behalf by:

H Flynn
Chair of Trustees

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Star Academies Trust and the Secretary of State for Education. They are 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 8 times during the year.

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

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| H Flynn, Chair | 8 | 8 |
| B Ashby, Vice Chair | 8 | 8 |
| M Chambers, (appointed 13 December 2019) | 5 | 7 |
| A Kelly, (appointed 27 September 2019) | 8 | 8 |
| M Kelly | 4 | 8 |
| A Merifield, (appointed 27 September 2019) | 7 | 8 |
| J Plews, (CEO and Accounting Officer) | 8 | 8 |
| S Scott, (resigned 9 February 2020) | 1 | 3 |
| N Walker, (appointed 13 December 2019) | 7 | 7 |

During the reporting period the Trust has seen some change to the Board of Trustees, with four new appointments covering key skills of finance, audit and education. Local governing body membership remains stable. All appointments to the Board of Trustees are based on a thorough evaluation of skills, experience and expertise together with an audit of existing Trustees, ensuring the Trust has the right balance of competencies to support the aims of the Trust.

During the reporting period, in addition to the regular Board meetings, Northern Star Academies Trust has held one training session for Members, Trustees and Local Governors. The attendance above reflects only the formal meetings of the Board of Trustees.

The Trust has an established Audit and Finance Committee, a formal sub-committee of the main Board of Trustees, in order to lead and advise on the audit and risk priorities of the Trust. The committee aims to meet at least four times per year, but owing to the delays and restrictions caused by Covid-19, this committee met twice during the reporting period. Trustees review the Trust's committee membership and governance arrangements annually, and in July 2020 Trustees agreed to expand the terms of reference of the audit committee to cover audit and financial oversight and assurance. This change is expected to increase the focus on financial performance as the Trust grows, and fully complies with Academy Financial Handbook guidance.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------|-------------------|-------------------|
| H Flynn | 2 | 2 |
| A Kelly | 1 | 2 |
| K Moore (until 31 May 2020)* | 1 | 1 |
| S Philips (until 29 June 2020)* | 2 | 2 |
| N Walker | 1 | 1 |

*denotes an advisory (non-trustee) member of the committee. Recruitment is ongoing for new independent members of the Audit and Finance Committee.

During the reporting period, the Board of Trustees also agreed to establish an Education and Standards Committee, to provide additional scrutiny regarding educational outcomes, school improvement and standards of provision across the Trust. Meetings of this committee will commence during the 2020/21 academic year.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Progressing building projects (through tendering) across the estate to deliver an improved school environment with lower maintenance costs, necessary health & safety compliance upgrades and improved safeguarding.
- Keeping Trust staffing structures under review, including restructures within the NSAT Executive Leadership Team and school associate staff, and ensuring curriculum-led financial planning and budget planning is used to plan the most efficient deployment of staff across member academies.
- Overseeing the curriculum, and the use of Integrated Curriculum Financial Planning (ICFP) in the Trust schools to ensure it provides a value-for-money education suitable for the differing needs of pupils across the Trust.
- Collaboration with Northern Lights Teaching Schools Alliance Limited and SCITT, and across the schools in the Trust, to share delivery and good practice and also to support and learn from other schools outside the Trust.
- Overseeing an ongoing program of market testing, negotiation and collaboration with the local authority and other suppliers to achieve better value for money from traded services and contract provision.
- Working with at risk suppliers to negotiate sustainable commercial relationships impacted by Covid 19 using PPN guidance. Catering costs during the Covid period have been maintained overall at pre Covid averages, despite material reductions in parent funding for school meals. PPN guidance has supported appropriate negotiation with catering suppliers on both interim costs and service provision during lockdown and into the new school year.
- Reviewing appropriate DfE and other frameworks when making tender decisions for utilities, insurance and ICT.
- Tendering a bulk laptop purchase resulting in accessing low cost and high quality equipment.

The following activities further demonstrate the wider benefits of the Trust in delivering best value for money (educational outputs per £ funded as well as lowest cost):

Stretch and Challenge: Working with all students we provide the appropriate stretch and challenge for our students. Care is taken to provide the individual support and guidance necessary to ensure everyone achieves their potential.

Teaching and Learning: Developments in teaching and learning have continued to drive forward innovation in the use of new technologies and student leadership of learning. Through data analysis, robust monitoring and self-evaluation we have worked in collaboration with subjects and faculties to ensure that learning across the schools is at all times at least good.

Enrichment and Extra-Curricular Provision: Our specialisms have seen some excellent developments both in terms of academic achievement but also in the range of extra-curricular opportunities the schools offer. Students are regularly involved in leading local and national competitions and conferences. The number of industrial partners is growing providing a wealth of opportunities for work related learning and careers guidance.

Fitness for purpose: The Trust has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the Trust, are the best available to us at that time, and offer good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Maximising income generation: The Trust has been successful in growing its external income streams, including educational consultancy and service provision, making available sports facilities and other lettings.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Star Academies Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the 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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Trust's system of internal financial control is based on a framework of regular management 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 which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs
- 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 decided to buy-in an internal audit service from Veritau Ltd.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems and other areas identified by the risk register held by Trustees. On a regular basis, the internal auditor reports to the Board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

In particular the checks carried out this current period include:

- Testing of payroll and purchase systems
- Testing of controls in relation to account and bank reconciliations
- Testing of expenditure authorisations
- Review of the management controls relating to external sports services.
- Review of Information Governance and GDPR compliance

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

Veritau Ltd agreed annual audit program was impacted by the Covid 19 outbreak and the disruption to school operations. As a result no further formal audit work was completed beyond March 2020, however Trustees continued to closely scrutinize key identified risks. All findings were acted on and have contributed to improved controls and performance across the Trust. Beyond March, Trustees and Trust leadership focused on health and safety risk assessment to support Covid 19 related school operations as academies re-opened to pupils.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the guidance of the audit committee;
- the work of the internal auditors;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the auditors 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 11 December 2020 and signed on their behalf by:

H Flynn
Chair of Trustees

J Plews
Accounting Officer

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Northern Star Academies Trust I have considered my responsibility to notify the trust's Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2019.

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

If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

J Plews

Accounting Officer

Date: 11 December 2020

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who 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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 11 December 2020 and signed on its behalf by:

H Flynn
Chair of Trustees

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORTHERN STAR ACADEMIES TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Christopher Beaumont BA(Hons) BFP FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants and Statutory Auditors

140 Coniscliffe Road

Darlington

Co Durham

DL3 7RT

11 December 2020

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern Star Academies Trust during the year 1 September 2019 to 31 August 2020 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 Star Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Northern Star Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northern Star Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Northern Star Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Northern Star Academies Trust's funding agreement with the Secretary of State for Education dated 22 December 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of annual Internal Audit reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Trustee and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Date: 11 December 2020

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Note | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Income from: | | | | | | |
| Donations and capital grants: | 3 | | | | | |
| Transfer from local authority on conversion | | - | (336) | 2,347 | 2,011 | 3,624 |
| Other donations and capital grants | | 64 | - | 866 | 930 | 1,713 |
| Charitable activities | 4 | 263 | 16,441 | - | 16,704 | 14,704 |
| Teaching schools | 33 | - | 202 | - | 202 | 231 |
| Other trading activities | 5 | 426 | 1 | - | 427 | 672 |
| Investments | 6 | 2 | - | - | 2 | 2 |
| Total income | | 755 | 16,308 | 3,213 | 20,276 | 20,946 |
| Expenditure on: | | | | | | |
| Charitable activities | 7 | 459 | 17,377 | 431 | 18,267 | 16,260 |
| Teaching schools | 33 | - | 218 | - | 218 | 255 |
| Total expenditure | | 459 | 17,595 | 431 | 18,485 | 16,515 |
| Net income/ (expenditure) | | 296 | (1,287) | 2,782 | 1,791 | 4,431 |
| Transfers between funds | 19 | - | (2) | 2 | - | - |
| Net movement in funds before other recognised gains/(losses) | | 296 | (1,289) | 2,784 | 1,791 | 4,431 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 28 | - | (1,149) | - | (1,149) | (2,329) |
| Net movement in funds | | 296 | (2,438) | 2,784 | 642 | 2,102 |

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|------------------------------------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Note | | | | | |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 808 | (7,746) | 28,847 | 21,909 | 19,807 |
| Net movement in funds | 296 | (2,438) | 2,784 | 642 | 2,102 |
| Total funds carried forward | <u>1,104</u> | <u>(10,184)</u> | <u>31,631</u> | <u>22,551</u> | <u>21,909</u> |

The Statement of Financial Activities includes all gains and losses recognised in the year.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07553531

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £000 | 2019 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 14 | 30,918 | 27,653 |
| | | 30,918 | 27,653 |
| Current assets | | | |
| Stocks | 15 | 4 | 4 |
| Debtors | 16 | 625 | 1,249 |
| Cash at bank and in hand | | 2,851 | 2,284 |
| | | 3,480 | 3,537 |
| Creditors: amounts falling due within one year | 17 | (1,465) | (1,271) |
| | | 2,015 | 2,266 |
| Net current assets | | | |
| | | 32,933 | 29,919 |
| Total assets less current liabilities | | | |
| Creditors: amounts falling due after more than one year | 18 | (78) | (48) |
| | | 32,855 | 29,871 |
| Net assets excluding pension liability | | | |
| Defined benefit pension scheme liability | 28 | (10,304) | (7,962) |
| | | 22,551 | 21,909 |
| Total net assets | | 22,551 | 21,909 |

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07553531

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

| | Note | 2020 £000 | 2019 £000 |
|--|------|--------------|--------------|
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 19 | 31,631 | 28,847 |
| Restricted income funds | 19 | 120 | 216 |
| | | 31,751 | 29,063 |
| Restricted funds excluding pension asset | 19 | 31,751 | 29,063 |
| Pension reserve | 19 | (10,304) | (7,962) |
| | | 21,447 | 21,101 |
| Total restricted funds | 19 | 21,447 | 21,101 |
| Unrestricted income funds | 19 | 1,104 | 808 |
| | | 22,551 | 21,909 |
| Total funds | | 22,551 | 21,909 |

The financial statements on pages 30 to 68 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

H Flynn
Chair of Trustees
Date: 11 December 2020

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £000 | 2019 £000 |
|---|--------|--------------|--------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 21 | 534 | 862 |
| Cash flows from investing activities | | | |
| | 23 | (1) | (843) |
| Cash flows from financing activities | | | |
| | 22 | 34 | 210 |
| Change in cash and cash equivalents in the year | | 567 | 229 |
| Cash and cash equivalents at the beginning of the year | | 2,284 | 2,055 |
| Cash and cash equivalents at the end of the year | 24, 25 | 2,851 | 2,284 |

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Northern Star Academies Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

– **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund.

– **Donations**

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

– **Other income**

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

– **Transfer on conversion**

Where assets are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

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

– Expenditure on raising funds

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following basis:

| | |
|-------------------------|-------------------------|
| Leasehold property | - Over 125 years |
| Furniture and equipment | - 3 years straight line |
| Computer equipment | - 3 years straight line |

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.

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 32.

The Trust also acts as agent in distributing School Centred Initial Teacher Training (SCITT) bursary funds from the Department for Education. Payments received from the DfE and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 32.

1.7 Liabilities

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

1.8 Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

1.9 Leased Assets

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

1.10 Stocks

Unsold uniforms and other stocks are valued at the lower of cost or net realisable value.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.13 Pensions

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

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.14 Fund accounting

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £360,000.

Critical areas of judgment:

Land and buildings — Land and buildings New Park Primary School, Hookstone Chase Primary School, the land at Harrogate High School, Eastwood Primary School, Holycroft Primary School and Starbeck Primary Academy are held under a 125 year lease with North Yorkshire County Council and Bradford Metropolitan District Council. The land and buildings at Skipton Girls' High School are held under a 125 year lease with the Skipton Girls' High School Foundation Trustees Limited. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

The buildings at Harrogate High School were built under a PFI contract. Based on the terms and conditions of the contract between the school and third parties the building has been excluded from the

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Critical accounting estimates and areas of judgment (continued)

financial statements.

Valuation of property – As the ESFA have not yet carried out the land and buildings valuations of the properties on conversion for Starbeck Primary Academy, the Trustees have based the value of the land and buildings valuation of New Park Primary School, a school of a similar size and location within the Trust.

3. Income from donations and capital grants

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Donations | | | | | |
| Transfer from local authority on conversion | - | (336) | 2,347 | 2,011 | 3,624 |
| Donations | 64 | - | 105 | 169 | 226 |
| | <u>64</u> | <u>(336)</u> | <u>2,452</u> | <u>2,180</u> | <u>3,850</u> |
| Capital Grants | - | - | 761 | 761 | 1,487 |
| | <u>64</u> | <u>(336)</u> | <u>3,213</u> | <u>2,941</u> | <u>5,337</u> |
| Total 2019 | <u><u>4,834</u></u> | <u><u>(1,200)</u></u> | <u><u>1,703</u></u> | <u><u>5,337</u></u> | |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the academy's educational operations

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 13,092 | 13,092 | 11,884 |
| Start Up Grants | - | 25 | 25 | 70 |
| Pupil Premium | - | 743 | 743 | 681 |
| PE and Sport Premium | - | 93 | 93 | 74 |
| UIFSM | - | 223 | 223 | 121 |
| Rates | - | 80 | 80 | 104 |
| Year 7 Catch Up | - | 22 | 22 | 22 |
| Teachers' pay grant | - | 181 | 181 | 174 |
| Other DfE Group grants | - | 575 | 575 | 19 |
| | <u>-</u> | <u>15,034</u> | <u>15,034</u> | <u>13,149</u> |
| Government grants | | | | |
| SEN | - | 320 | 320 | 296 |
| Early Years Funding | - | 545 | 545 | 498 |
| Local Authority grants | - | 322 | 322 | 238 |
| Other Government grants | - | 165 | 165 | 27 |
| | <u>-</u> | <u>1,352</u> | <u>1,352</u> | <u>1,059</u> |
| Exceptional government funding | | | | |
| Coronavirus exceptional support | - | 55 | 55 | - |
| | <u>-</u> | <u>55</u> | <u>55</u> | <u>-</u> |
| Other funding | | | | |
| Income from academies | 64 | - | 64 | 40 |
| Student Trips | 170 | - | 170 | 426 |
| Student Catering | 29 | - | 29 | 30 |
| | <u>263</u> | <u>-</u> | <u>263</u> | <u>496</u> |
| | <u>263</u> | <u>16,441</u> | <u>16,704</u> | <u>14,704</u> |
| Total 2019 | <u>496</u> | <u>14,208</u> | <u>14,704</u> | |

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Non student catering income | 1 | - | 1 | 1 |
| Rental and lettings income | 83 | 1 | 84 | 108 |
| Receipts from Supply Teacher Insurance claims | 37 | - | 37 | 87 |
| RPA Claims | 6 | - | 6 | 7 |
| Other | 299 | - | 299 | 469 |
| | <u>426</u> | <u>1</u> | <u>427</u> | <u>672</u> |
| Total 2019 | <u>668</u> | <u>4</u> | <u>672</u> | |

6. Investment income

| | Unrestricted funds 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|---------------|---------------------------------------|--------------------------------|--------------------------------|
| Bank Interest | 2 | 2 | 2 |
| | <u>2</u> | <u>2</u> | |
| Total 2019 | <u>2</u> | <u>2</u> | |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Expenditure

| | Staff Costs 2020 £000 | Premises 2020 £000 | Other 2020 £000 | Total 2020 £000 | Total 2019 £000 |
|-----------------------------------|-----------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| Academy's educational operations: | | | | | |
| Direct costs | 12,594 | - | 914 | 13,508 | 11,823 |
| Allocated support costs | 1,958 | 1,397 | 1,404 | 4,759 | 4,437 |
| Teaching school | 127 | - | 91 | 218 | 255 |
| | <u>14,679</u> | <u>1,397</u> | <u>2,409</u> | <u>18,485</u> | <u>16,515</u> |
| Total 2019 | <u>12,632</u> | <u>1,218</u> | <u>2,665</u> | <u>16,515</u> | |

In 2020, of the total expenditure, £459,000 (2019: £1,005,000) was to unrestricted funds and £18,026,000 (2019: £15,510,000) was to restricted funds.

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

- Gifts made by the Trust
- Fixed asset losses
- Compensation payment
- Stock losses
- Cash losses
- Unrecoverable debts

There were no ex-gratia payments in the year

8. Analysis of expenditure by activities

| | Activities undertaken directly 2020 £000 | Support costs 2020 £000 | Total funds 2020 £000 | Total funds 2019 £000 |
|----------------------------------|--|----------------------------------|--------------------------------|--------------------------------|
| Academy's educational operations | <u>13,508</u> | <u>4,759</u> | <u>18,267</u> | <u>16,260</u> |
| Total 2019 | <u>11,823</u> | <u>4,437</u> | <u>16,260</u> | |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Total funds 2020 £000 | Total funds 2019 £000 |
|-------------------------|--------------------------------|--------------------------------|
| Staff costs | 12,594 | 10,546 |
| Educational supplies | 555 | 925 |
| Examination fees | 133 | 161 |
| Staff development | 44 | 32 |
| Educational consultancy | 101 | 102 |
| Transport | 6 | 8 |
| Other costs | 75 | 49 |
| | <u>13,508</u> | <u>11,823</u> |

NORTHERN STAR ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Total funds 2020 £000 | Total funds 2019 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Net interest cost on pension scheme | 150 | 130 |
| Staff costs | 1,958 | 1,974 |
| Depreciation | 360 | 295 |
| Staff development | 13 | 10 |
| Technology costs | 227 | 181 |
| Staff expenses | 15 | 15 |
| Supply insurance | 36 | 24 |
| Maintenance of premises | 335 | 238 |
| Cleaning | 291 | 209 |
| Other premises costs | 102 | 92 |
| Energy | 253 | 245 |
| Rent & rates | 73 | 89 |
| Insurance | 58 | 61 |
| Operating lease rentals | 22 | 15 |
| Catering | 501 | 419 |
| Legal costs - conversion | 15 | 30 |
| Security | 34 | 4 |
| Other costs | 284 | 382 |
| Governance costs | 32 | 24 |
| | 4,759 | 4,437 |

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 £000 | 2019 £000 |
|---------------------------------------|--------------|--------------|
| Operating lease rentals | 22 | 15 |
| Depreciation of tangible fixed assets | 360 | 295 |
| Fees paid to auditors for: | | |
| - audit | 17 | 17 |
| - other services | 5 | 8 |
| | 404 | 435 |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 £000 | 2019 £000 |
|---------------------------|---------------|---------------|
| Wages and salaries | 10,375 | 9,231 |
| Social security costs | 1,004 | 886 |
| Pension costs | 3,022 | 2,181 |
| | <u>14,401</u> | <u>12,298</u> |
| Agency staff costs | 193 | 229 |
| Staff restructuring costs | 85 | 105 |
| | <u>14,679</u> | <u>12,632</u> |

Included in pension costs is a charge of £707,000 (2019: £523,000) relating to the pension deficit actuarial adjustment. Also included is an accrual of £Nil (2019: £48,000) relating to pension on staff restructuring costs.

Staff restructuring costs comprise:

| | 2020 £000 | 2019 £000 |
|---------------------|--------------|--------------|
| Redundancy payments | 66 | 80 |
| Severance payments | 19 | 25 |
| | <u>85</u> | <u>105</u> |

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £7,000 (2019: £11,000). Individually, the payments were: £4,000 and £3,000.

c. Staff numbers

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

| | 2020 No. | 2019 No. |
|----------------------------|-------------|-------------|
| Teachers | 170 | 162 |
| Administration and support | 276 | 257 |
| Management | 32 | 10 |
| | <u>478</u> | <u>429</u> |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff (continued)

d. Higher paid staff

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

| | 2020 No. | 2019 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 7 | 9 |
| In the band £70,001 - £80,000 | 5 | 4 |
| In the band £80,001 - £90,000 | 1 | - |
| In the band £100,001 - £110,000 | - | 1 |
| In the band £110,001 - £120,000 | 1 | - |
| | 1 | - |

e. Key management personnel

The key management personnel of the academy comprise the Trustees and the Executive Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £299,000 (2019: £349,000).

11. Central services

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

- HR and legal advisory
- Financial control and internal audit
- Capital project management
- School improvement support

The academy charges for these services on the following basis:

- 3% percentage of income.

The actual amounts charged during the year were as follows:

| | 2020 £000 | 2019 £000 |
|--------------------------------|--------------|--------------|
| Skipton Girls' High School | 127 | 79 |
| Harrogate High School | 98 | 61 |
| New Park Primary Academy | 22 | 15 |
| Hookstone Chase Primary School | 36 | 24 |
| Holycroft Primary School | 56 | 39 |
| Eastwood Community School | 65 | 44 |
| Starbeck Primary Academy | 27 | - |
| Total | 431 | 262 |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020 £000 | 2019 £000 |
|----------------|----------------------------|--------------|--------------|
| J Plews, (CEO) | Remuneration | 110 - 115 | 100 - 105 |
| | Pension contributions paid | 25 - 30 | 15 - 20 |

During the year ended 31 August 2020, expenses totalling £306 were reimbursed or paid directly to 1 Trustee (2019 - £NIL).

13. Trustees' and Officers' insurance

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

14. Tangible fixed assets

| | Leasehold property £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|--------------------------|-------------------------------|----------------------------------|-------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 September 2019 | 28,585 | 157 | 360 | 29,102 |
| Additions | 1,165 | - | 113 | 1,278 |
| Acquired on conversion | 2,347 | - | - | 2,347 |
| At 31 August 2020 | 32,097 | 157 | 473 | 32,727 |
| Depreciation | | | | |
| At 1 September 2019 | 1,124 | 152 | 173 | 1,449 |
| Charge for the year | 248 | 3 | 109 | 360 |
| At 31 August 2020 | 1,372 | 155 | 282 | 1,809 |
| Net book value | | | | |
| At 31 August 2020 | 30,725 | 2 | 191 | 30,918 |
| At 31 August 2019 | 27,461 | 5 | 187 | 27,653 |

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FOR THE YEAR ENDED 31 AUGUST 2020

15. Stocks

| | 2020 £000 | 2019 £000 |
|------------|--------------|--------------|
| Stationery | 4 | 4 |
| | 4 | 4 |

16. Debtors

| | 2020 £000 | 2019 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 23 | 12 |
| Other debtors | - | 1 |
| Prepayments and accrued income | 511 | 992 |
| VAT recoverable | 91 | 244 |
| | 625 | 1,249 |

17. Creditors: Amounts falling due within one year

| | 2020 £000 | 2019 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 116 | 238 |
| Other taxation and social security | 233 | 212 |
| Other creditors | 322 | 244 |
| Accruals and deferred income | 794 | 577 |
| | 1,465 | 1,271 |

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Deferred income at 1 September 2019 | 305 | 154 |
| Resources deferred during the year | 292 | 305 |
| Amounts released from previous periods | (305) | (154) |
| | 292 | 305 |

Deferred income includes SCITT bursary, Universal Infant Free School Meals, trip income and rates relief funding which relates to the following academic year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Creditors: Amounts falling due after more than one year

| | 2020 £000 | 2019 £000 |
|-----------------|--------------|--------------|
| Other creditors | 78 | 48 |

Other creditors include loans totaling £91,000 (2019: £57,000) from Salix Finance Ltd and CIF loan from the ESFA. Loans have been provided on the following terms:

Salix Finance Ltd loan of £77,000 (2019: £57,000) an interest free loan repayable through GAG over a 8 year period paid bi-annually.

CIF loan of £14,000 (2019: £Nil) with an annual interest rate of 2.29% repayable through GAG over a 10 year period, paid on a monthly basis.

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2020 £000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds | 808 | 755 | (459) | - | - | 1,104 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 47 | 13,092 | (13,121) | (18) | - | - |
| Conversion grants | 59 | 25 | (75) | - | - | 9 |
| Pupil Premium | - | 743 | (743) | - | - | - |
| Other DfE/ESFA grants | - | 1,174 | (1,174) | - | - | - |
| SCITT | - | 202 | (218) | 16 | - | - |
| SEN | - | 320 | (320) | - | - | - |
| Other government grants | - | 1,087 | (1,087) | - | - | - |
| Hockey sinking fund | 110 | 1 | - | - | - | 111 |
| Pension reserve | (7,962) | (336) | (857) | - | (1,149) | (10,304) |
| | <u>(7,746)</u> | <u>16,308</u> | <u>(17,595)</u> | <u>(2)</u> | <u>(1,149)</u> | <u>(10,184)</u> |
| Restricted fixed asset funds | | | | | | |
| Assets on conversion | 22,999 | 2,347 | (211) | - | - | 25,135 |
| Devolved formula capital | 21 | 72 | (79) | - | - | 14 |
| Capital assets post conversion | 1,839 | - | (15) | - | - | 1,824 |
| Capital improvement fund | 3,817 | (8) | (22) | - | - | 3,787 |
| Capital expenditure from GAG | 27 | - | (27) | 2 | - | 2 |

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FOR THE YEAR ENDED 31 AUGUST 2020

19. Statement of funds (continued)

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2020 £000 |
|---|---|----------------------|------------------------|-----------------------------|----------------------------|---|
| Capital expenditure from unrestricted funds | 4 | - | (4) | - | - | - |
| Capital expenditure from donations | 140 | 105 | (69) | - | - | 176 |
| SCA | - | 697 | (4) | - | - | 693 |
| | <u>28,847</u> | <u>3,213</u> | <u>(431)</u> | <u>2</u> | <u>-</u> | <u>31,631</u> |
| Total Restricted funds | <u>21,101</u> | <u>19,521</u> | <u>(18,026)</u> | <u>-</u> | <u>(1,149)</u> | <u>21,447</u> |
| Total funds | <u><u>21,909</u></u> | <u><u>20,276</u></u> | <u><u>(18,485)</u></u> | <u><u>-</u></u> | <u><u>(1,149)</u></u> | <u><u>22,551</u></u> |

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

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

Academy Conversion Grant is to be used to cover costs of the initial conversion to an academy for each school.

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

Other DfE/ESFA grants consist of PE grants to be used in the provision of PE services, rates relief income, Universal Infant Free School Meals, to be spent on catering for the pupils and teachers pension grant used to fund the increase in employer pension contribution rate.

SEN funding is to provide educational support for high needs pupils.

Other Government grants relate to funding received from Local Authorities for the provision of education for 2 year old funding.

Hockey Sinking fund is restricted for the repair or replacement of the hockey pitch.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 28.

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

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

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19. Statement of funds (continued)

During the year the Trust became eligible for School Condition Allocation (SCA). This income has not been fully spent at the year end.

Transfers were made to restricted fixed assets of £2,000 from GAG relating to capital contribution to the purchase of assets. In addition, £16,000 was transferred from GAG to teaching school to fund the teaching school in year deficit.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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FOR THE YEAR ENDED 31 AUGUST 2020

19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Skipton Girls' High School | 633 | 320 |
| Harrogate High School | (5) | 164 |
| New Park Primary Academy | 185 | 159 |
| Hookstone Chase Primary School | (25) | 64 |
| Holycroft Primary School | 204 | 143 |
| Eastwood Community School | 352 | 193 |
| Starbeck Primary Academy | 7 | - |
| Central services | (127) | (19) |
| | 1,224 | 1,024 |
| Total before fixed asset funds and pension reserve | 1,224 | 1,024 |
| Restricted fixed asset fund | 31,631 | 28,847 |
| Pension reserve | (10,304) | (7,962) |
| | 22,551 | 21,909 |
| Total | 22,551 | 21,909 |

The following are carrying a net deficit on their portion of the funds as follows:

| | Deficit £000 |
|--------------------------------|-----------------|
| Harrogate High School | (5) |
| Hookstone Chase Primary School | (25) |
| Central services | (127) |
| | (157) |

The Trust is taking the following action to return the following to surplus:

Harrogate High School - The Trust has made a significant investment in the school's capacity to improve educational outcomes. Plans are in place, including continued strong growth in pupil numbers and tight management of expenditure, to move the school into an in-year break even position, rebuilding it's reserves over the term of the Trust's financial plan.

Central services - Plans are in place, built into the Trust's financial plan, to restore it's reserves position through Multi-Academy Trust membership expansion, increase pupil numbers and an increase in central recharge towards market benchmark.

Hookstone Chase Primary School - Reserves are planned to swiftly return to a positive position as set out in the Trust's financial plan. The reported year end position reflects the impact of non-reoccurring costs as opposed to an underlying trend.

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19. Statement of funds (continued)

Total cost analysis by academy

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

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciation £000 | Total 2020 £000 | Total 2019 £000 |
|--------------------------------------|--|---|---------------------------------|--|-----------------------|-----------------------|
| Skipton Girls' High School | 2,980 | 713 | 262 | 629 | 4,584 | 4,563 |
| Harrogate High School | 2,755 | 330 | 114 | 732 | 3,931 | 3,611 |
| New Park Primary Academy | 622 | 44 | 34 | 172 | 872 | 861 |
| Hookstone Chase Primary School | 1,249 | 78 | 37 | 271 | 1,635 | 1,589 |
| Holycroft Primary School | 1,536 | 180 | 34 | 254 | 2,004 | 2,003 |
| Eastwood Community School | 1,753 | 189 | 42 | 280 | 2,264 | 2,294 |
| Starbeck Primary Academy | 997 | 70 | 32 | 185 | 1,284 | - |
| Central services | 707 | 476 | - | 368 | 1,551 | 1,299 |
| Academy | 12,599 | 2,080 | 555 | 2,891 | 18,125 | 16,220 |

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19. Statement of funds (continued)

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

| | Balance at 1 September 2018 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2019 £000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds | 413 | 1,522 | (1,005) | (122) | - | 808 |
| | <u>413</u> | <u>1,522</u> | <u>(1,005)</u> | <u>(122)</u> | <u>-</u> | <u>808</u> |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | - | 11,884 | (11,837) | - | - | 47 |
| Conversion grants | 38 | 70 | (49) | - | - | 59 |
| Pupil Premium | - | 681 | (681) | - | - | - |
| Other DfE/ESFA grants | - | 514 | (514) | - | - | - |
| SCITT | (10) | 231 | (255) | 34 | - | - |
| SEN | - | 296 | (296) | - | - | - |
| Other government grants | - | 763 | (763) | - | - | - |
| Donations | 10 | - | (10) | - | - | - |
| Hockey sinking fund | 106 | 4 | - | - | - | 110 |
| Pension reserve | (3,780) | (1,200) | (653) | - | (2,329) | (7,962) |
| | <u>(3,636)</u> | <u>13,243</u> | <u>(15,058)</u> | <u>34</u> | <u>(2,329)</u> | <u>(7,746)</u> |
| Restricted fixed asset funds | | | | | | |
| Assets on conversion | 18,497 | 4,694 | (192) | - | - | 22,999 |
| Devolved formula capital | 12 | 196 | (166) | (21) | - | 21 |
| Capital assets post conversion | 1,855 | - | (16) | - | - | 1,839 |
| Capital improvement fund | 2,513 | 1,291 | (8) | 21 | - | 3,817 |

NORTHERN STAR ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. Statement of funds (continued)

| | Balance at 1 September 2018 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2019 £000 |
|---|---|----------------------|------------------------|-----------------------------|----------------------------|---|
| Capital expenditure from GAG | 55 | - | (28) | - | - | 27 |
| Capital expenditure from unrestricted funds | 11 | - | (7) | - | - | 4 |
| Capital expenditure from donations | 87 | - | (35) | 88 | - | 140 |
| | <u>23,030</u> | <u>6,181</u> | <u>(452)</u> | <u>88</u> | <u>-</u> | <u>28,847</u> |
| Total Restricted funds | <u>19,394</u> | <u>19,424</u> | <u>(15,510)</u> | <u>122</u> | <u>(2,329)</u> | <u>21,101</u> |
| Total funds | <u><u>19,807</u></u> | <u><u>20,946</u></u> | <u><u>(16,515)</u></u> | <u><u>-</u></u> | <u><u>(2,329)</u></u> | <u><u>21,909</u></u> |

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets | - | - | 30,918 | 30,918 |
| Current assets | 1,161 | 1,606 | 713 | 3,480 |
| Creditors due within one year | (57) | (1,408) | - | (1,465) |
| Creditors due in more than one year | - | (78) | - | (78) |
| Provisions for liabilities and charges | - | (10,304) | - | (10,304) |
| Total | <u><u>1,104</u></u> | <u><u>(10,184)</u></u> | <u><u>31,631</u></u> | <u><u>22,551</u></u> |

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20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Restricted fixed asset funds 2019 £000 | Total funds 2019 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets | - | - | 27,653 | 27,653 |
| Current assets | 865 | 1,451 | 1,221 | 3,537 |
| Creditors due within one year | (57) | (1,187) | (27) | (1,271) |
| Creditors due in more than one year | - | (48) | - | (48) |
| Provisions for liabilities and charges | - | (7,962) | - | (7,962) |
| Total | 808 | (7,746) | 28,847 | 21,909 |

21. Reconciliation of net income to net cash flow from operating activities

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Net income for the period (as per Statement of Financial Activities) | 1,791 | 4,431 |
| Adjustments for: | | |
| Depreciation | 360 | 295 |
| Capital grants from DfE and other capital income | (761) | (1,299) |
| Defined benefit pension scheme obligation inherited | 336 | 1,200 |
| Defined benefit pension scheme cost less contributions payable | 707 | 523 |
| Defined benefit pension scheme finance cost | 150 | 130 |
| Dividends, interest and rents from investments | (2) | (2) |
| (Increase)/decrease in debtors | 118 | 77 |
| Increase in creditors | 182 | 355 |
| Cash inherited on conversion | - | (154) |
| Assets inherited on conversion | (2,347) | (4,694) |
| Net cash provided by operating activities | 534 | 862 |

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NOTES TO THE FINANCIAL STATEMENTS
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22. Cash flows from financing activities

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| New Salix and CIF loans | 43 | 58 |
| Salix and CIF loan repayments | (9) | (2) |
| Cash inherited on conversion | - | 154 |
| Net cash provided by financing activities | 34 | 210 |

23. Cash flows from investing activities

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Dividends, interest and rents from investments | 2 | 2 |
| Purchase of tangible fixed assets | (1,278) | (2,144) |
| Capital grants from DfE Group | 1,275 | 1,299 |
| Net cash used in investing activities | (1) | (843) |

24. Analysis of cash and cash equivalents

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Cash in hand | 2,851 | 2,284 |
| Total cash and cash equivalents | 2,851 | 2,284 |

25. Analysis of changes in net debt

| | At 1 September 2019 £000 | Cash flows £000 | At 31 August 2020 £000 |
|--------------------------|-----------------------------------|--------------------|------------------------------|
| Cash at bank and in hand | 2,284 | 567 | 2,851 |
| | 2,284 | 567 | 2,851 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26. Conversion to an academy trust

On 1 September 2019 Starbeck Primary Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Northern Star Academies Trust from North Yorkshire County 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 heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - 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.

| | Restricted funds £000 | Restricted fixed asset funds £000 | Total funds £000 |
|---------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | | | |
| Leasehold land and buildings | - | 2,347 | 2,347 |
| LGPS pension surplus/(deficit) | (336) | - | (336) |
| | (336) | 2,347 | 2,011 |
| Net (liabilities)/assets | (336) | 2,347 | 2,011 |

27. Capital commitments

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Contracted for but not provided in these financial statements | - | 935 |
| | - | 935 |

28. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire County Council Pension Fund and City of Bradford Metropolitan District Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £258,000 were payable to the schemes at 31 August 2020 (2019 - £197,000) and are included within creditors.

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28. Pension commitments (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,575,000 (2019 - £985,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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28. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £933,000 (2019 - £788,000), of which employer's contributions totalled £748,000 (2019 - £625,000) and employees' contributions totalled £ 185,000 (2019 - £163,000). The agreed contribution rates for future years are 16.3 -18.6 per cent for employers and 5.5 - 10.5 per cent for employees.

As described in note 26 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the Balance Sheet date.

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

Principal actuarial assumptions

North Yorkshire Pension Fund

| | 2020 | 2019 |
|--|-------|-------|
| | % | % |
| Rate of increase in salaries | 3.55 | 3.33 |
| Rate of increase for pensions in payment/inflation | 2.30 | 2.08 |
| Discount rate for scheme liabilities | 1.70 | 1.90 |
| Inflation assumption (CPI) | 2.30 | 2.08 |
| Commutation of pensions to lump sums | 75.00 | 75.00 |

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

| | 2020 | 2019 |
|-----------------------------|-------|-------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 21.8 | 21.9 |
| Females | 23.9 | 25.1 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.5 | 23.6 |
| Females | 25.7 | 26.9 |

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Principal actuarial assumptions

West Yorkshire Pension Fund

| | 2020 | 2019 |
|---|-------|-------|
| | % | % |
| Rate of increase in salaries | 3.45 | 3.25 |
| Rate of increase for pension in payment/inflation | 2.20 | 2.00 |
| Discount rate for scheme liabilities | 1.70 | 1.90 |
| Inflation assumption (CPI) | 2.20 | 2.00 |
| Commutation of pension to lump sums | 75.00 | 75.00 |

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

| | 2020 | 2019 |
|----------------------|-------|-------|
| | Years | Years |
| Retiring today | | |
| Males | 21.8 | 22.2 |
| Females | 24.6 | 25.4 |
| Retiring in 20 years | | |
| Males | 22.5 | 23.2 |
| Females | 25.7 | 27.2 |

Sensitivity analysis

| | 2020 | 2019 |
|--|-------|-------|
| | £000 | £000 |
| Discount rate +0.1% | (448) | (331) |
| Discount rate -0.1% | 454 | 339 |
| Mortality assumption - 1 year increase | (643) | (470) |
| Mortality assumption - 1 year decrease | 654 | 476 |
| CPI rate +0.1% | 60 | 111 |
| CPI rate -0.1% | (60) | (109) |

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

| | 2020 | 2019 |
|-------------------------------------|--------------|--------------|
| | £000 | £000 |
| Equities | 4,951 | 4,144 |
| Government Bond | 1,247 | 980 |
| Corporate bonds | 128 | 118 |
| Property | 439 | 391 |
| Cash | 224 | 217 |
| Others | 567 | 410 |
| Total market value of assets | 7,556 | 6,260 |

The actual return on scheme assets was £269,000 (2019 - £300,000).

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28. Pension commitments (continued)

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

| | 2020 £000 | 2019 £000 |
|---|----------------|----------------|
| Current service cost | (1,359) | (849) |
| Past service cost | (96) | (299) |
| Interest income | 133 | 159 |
| Interest cost | (283) | (289) |
| Total amount recognised in the Statement of Financial Activities | (1,605) | (1,278) |

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

| | 2020 £000 | 2019 £000 |
|------------------------------|---------------|---------------|
| At 1 September | 14,222 | 6,842 |
| Conversion of academy trusts | 737 | 3,466 |
| Current service cost | 1,359 | 849 |
| Interest cost | 283 | 289 |
| Employee contributions | 185 | 163 |
| Actuarial losses | 1,285 | 2,470 |
| Benefits paid | (307) | - |
| Losses on curtailments | - | (156) |
| Past service costs | 96 | 299 |
| At 31 August | 17,860 | 14,222 |

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

| | 2020 £000 | 2019 £000 |
|------------------------------|--------------|--------------|
| At 1 September | 6,260 | 3,062 |
| Conversion of academy trusts | 401 | 2,266 |
| Interest income | 133 | 159 |
| Actuarial gains | 136 | 141 |
| Employer contributions | 748 | 625 |
| Employee contributions | 185 | 163 |
| Benefits paid | (307) | (156) |
| At 31 August | 7,556 | 6,260 |

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29. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £000 | 2019 £000 |
|-------------------------|------------------|------------------|
| Amounts payable: | | |
| Within 1 year | 11 | 11 |
| Between 1 and 5 years | 6 | 5 |
| | <u>17</u> | <u>16</u> |
| | <u><u>17</u></u> | <u><u>16</u></u> |

30. Other financial commitments

Under the PFI agreement, the Trust has a financial liability to make payments to the PFI contractor for the life of the contract, which began in August 2017 and will run for 25 years. The cost is based on the 11.22% of the total PFI contract cost and in the period was £116,000 (2019: £76,000)

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31. Related party transactions

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

Income Related Party Transaction

During the year donation for the purchase of fixed assets and towards receive expenditure, also recharge of staffing costs received from Northern Lights Teaching School Alliance Limited, a company where M P Kelly and J Plews are Directors, totalling £400,000 (2019:£14,000).

During the year education services were provided to pupils of Ermysted's Grammar School to the value of £10,000 (2019: £22,000) a school in which H G Cutler is a Governor.

Expenditure Related Party Transaction

Northern Lights Teaching School Alliance Limited - a company which M P Kelly and J Plews are Directors:

- The Trust purchased educational services from Northern Lights Teaching School Alliance Limited totalling £5,000 (2019: £9,000). There were no amounts outstanding at 31 August 2020 (2019: £Nil)
- The Trust made the purchase at arms' length
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019
- The element above £2,500 has been provided 'at no more than cost' and Northern Lights Teaching School Alliance Limited has provided a statement of assurance confining this.

Ermysteds Grammar School - a local authority school which H G Cutler is a Governor:

- The Skipton Girls High School purchased educational services from Ermysteds Grammar School totalling £21,000 (2019: £33,000). There were no amounts outstanding at 31 August 2020 (2019: £Nil)
- The Trust made the purchase at arms" length
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019
- The element above £2,500 has been provided 'at no more than cost' and Ermysteds Grammar School has provided a statement of assurance confirming this.

During the period buildings under a 125 year lease agreement for a peppercorn rent were provided by The Skipton Girls High School Foundation Trustee Limited, a charity in which H G Cutler and M P Kelly are Directors

32. Agency arrangements

The Trust distributes School Centred Initial Teacher Training (SCITT) bursary funding to student teachers as an agent for the Department for Education. In the accounting year ending 31 August 2020 the Trust received £286,000 (2019: £241,000) and disbursed £273,000 (2019: £229,000) from the fund. The balance of £25,000 (2019: £12,000) is included in the financial statements.

Similarly the Trust distributes 16-19 bursary funding to students as an agent for the Education and Skills Funding Agency. In the accounting year ending 31 August 2020 the trust received £19,000 (2019: £21,000) and disbursed £15,000 (2019: £21,000) from the fund. An amount of £4,000 (2019: £nil) is included in other creditors relating to undistributed funds.

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33. Teaching school trading account

| | 2020 £000 | 2020 £000 | 2019 £000 | 2019 £000 |
|---|--------------|--------------|--------------|--------------|
| Income | | | | |
| Direct income | | | | |
| Course fees | 202 | | 230 | |
| Sundry income | - | | 1 | |
| | 202 | | 231 | |
| Total direct income | | | | |
| Total income | | 202 | | 231 |
| Expenditure | | | | |
| Direct expenditure | | | | |
| Direct staff costs | 5 | | - | |
| University fees | 34 | | - | |
| Educational supplies | - | | 77 | |
| Placement fees | 16 | | - | |
| Subject Fees | 24 | | - | |
| Professional fees | 5 | | - | |
| | 84 | | 77 | |
| Total direct expenditure | | | | |
| Other expenditure | | | | |
| Wages and salaries | 122 | | 112 | |
| Other support costs | 11 | | 41 | |
| Governance costs | 1 | | 25 | |
| | 134 | | 178 | |
| Total other expenditure | | | | |
| Total expenditure | | 218 | | 255 |
| Transfers between funds excluding depreciation | | 16 | | 34 |
| | | - | | 10 |
| Surplus from all sources | | | | |
| Teaching school balances at 1 September 2019 | | | | (10) |
| | | - | | - |
| Teaching school balances at 31 August 2020 | | - | | - |