



(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

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Reference and Administrative Details

| | | |
|--|--|--|
| Members | G Wainwright R Vigurs D Hornby | |
| Trustees | G Wainwright N Ward S McKeown L Hughes G Ashton R Dubrow-Marshall E Byrne | Chair of Trustees Accounting Officer |
| Company Secretary | L Hughes | |
| Senior Management Team | N Ward L Hughes P Lloyd E Vernon J Davies | Chief Executive Director of Finance North Liverpool Academy North Liverpool Academy The Studio School / Liverpool Life Sciences UTC |
| Company Name | Northern Schools Trust | |
| Principal and Registered Office | 120 Heyworth Street Liverpool L5 0SQ | |
| Company Registration Number | 05067702 (England and Wales) | |
| Independent Auditor | Mitchell Charlesworth (Audit) Limited 5 Temple Square Temple Street Liverpool L2 5RH | |
| Bankers | HSBC 99-101 Lord Street Liverpool L2 6PG | |
| Solicitors | Stone King LLP 13 Queen Square Bath BA1 2HJ | |

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2023. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates 3 secondary academies for pupils aged 11 to 19 across Liverpool (2021/22: 3). Its academies have a combined pupil capacity of 2,650 and had a roll of 2,192 in the school census in October 2023.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Northern Schools Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Northern Schools Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved 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.

Trustees' Indemnities

In accordance with normal commercial practice the Trust is a part of the Risk Protection Arrangement for schools to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

Method of Recruitment and Appointment or Election of Trustees

The Trust board structure is as follows:

- Up to 9 Directors appointed by the Principal Sponsor (NLA Trust)
- Up to 3 Directors (chairman of a Trust Local Governing Body)
- The Chief Executive Officer
- Co-opted Directors (no limit)

The Trust will follow processes for any new recruits that are appropriate and use criteria for recruitment based on a review of the existing board membership.

Policies and Procedures Adopted for the Induction and Training of Trustees

The induction, training and support programme for Trustees will differ according to the nature of the post and the varying needs and experience of the individual concerned.

Trustees' Report (continued)

There are, however, some general principles outlined below which should be common to all:

- It is expected that the incumbent Trustees will provide a good deal of practical help, advice, guidance and encouragement in all aspects of Governance and in enabling new Trustees to integrate into a new situation.
- Prior to taking up the appointment the new member will be welcome to visit the Academies as necessary to meet key people as appropriate.
- The Trust's Equality & Diversity and related policies will be applicable to all.
- The other Trustees will be informed of any new appointments.
- Every Trustee should be prepared to offer support to new Trustees as appropriate. In some circumstances it may be advisable to appoint a short-term mentor to provide individual support.
- Training will be provided based on individual needs to new Trustees and based on updated guidance and requirements from the DfE or ESFA.
- Trustees must undertake a DBS and check Section 128 check prior to appointment.
- Trustees must undertake Safeguarding and Prevent training upon appointment.
- Trustees must sign the Code of Conduct and declare any interests upon appointment.

Organisational Structure

The management structure consists of three levels: the Board of the Company (Trustees), the Local Governing Body of each academy and the Senior Management Team of each academy. The aim of this structure is to devolve responsibility to those best able to make the appropriate decisions. The Trustees encourage staff contributions at all levels and collaboration between the Academies in the Trust.

The Trustees are there to support the Local Governing Body, Senior Management Team and the community in the running of the Trust, and have no ambition to run the academies on a day-to-day basis. Along with this governance role the Trustees are there to give support and advice when asked and to be roving ambassadors for both the Trust and what it is trying to achieve.

Arrangements for setting pay and remuneration of key personnel

The remuneration of the Chief Executive is set by the Trust board. The Trust board delegates all other central services pay decisions to the Chief Executive. Central services staff pay is benchmarked against similar roles.

The Trust has a Whole School Pay Policy which detailed how pay is set. The Local Governing Body of a school in conjunction with the Trust board set pay for the Principal.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period – 3

Full-time equivalent employee number – 3

Percentage of time spent on facility time

Percentage of time – 1% - 50%

Number of employees – 3

Percentage of pay bill spent on facility time

Total cost of facility time

£1,318

Total pay bill

£12,131,054

Trustees' Report (continued)

Percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$ 0.01%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$ 0.00%

Related Parties and other Connected Charities and Organisations

The Trust is connected to the following organisations via Trustee related parties:

| Organisation | Related Trustee | Type of Interest |
|---|-------------------|------------------|
| Impact Data Metrics Ltd | G Wainwright | Director |
| Waimur Ltd | G Wainwright | Director |
| Neptune Brewery Ltd | G Wainwright | Director |
| Ideaswise Ltd | N Ward | Director |
| Geoff Ashton Consulting Ltd | G Ashton | Director |
| Ixel Education Trust | G Ashton | Director |
| Quest (A Church of England Schools Trust) | G Ashton | Director |
| Fylde Coast Scitt Ltd | G Ashton | Director |
| Preston Guild Link | R Dubrow-Marshall | Director |
| Akaal Academy Trust Derby Ltd | R Dubrow-Marshall | Director |
| ICSA | R Dubrow-Marshall | Director |

The below organisations have been disclosed by Trustees as a potential interest. After consideration they do not meet the definition of a related party as they do not have control or sufficient influence over the organisation. These organisations have been listed for transparency.

| Organisation | Trustee | Type of Interest |
|--------------------------|-------------------|------------------|
| Knowsley Borough Council | S McKeown | Employee |
| University of Salford | R Dubrow-Marshall | Employee |

Engagement with employees (including disabled persons)

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

The Trustees ensure that professional development opportunities are available to all employees and it will fund appropriate Masters' degrees for staff.

All of our Governing Bodies have teacher governors amongst their membership and we feel this both strengthens the level of debate at the Governors meetings and increases the level of transparency within our organisation.

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Trustees' Report (continued)

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

We have a proactive relationship with our suppliers and work with suppliers who both present the best value for money and have the same shared goals. Many of our suppliers and partner organisations provide out-reach opportunities for our schools and governors for our governing bodies.

Objectives and Activities

Objects and Aims

Northern Schools Trust was established to provide education for pupils of different abilities.

The main objectives and aims of the Trust are summarised below:

- to raise the standards of educational achievement of all pupils;
- to keep our students safe and well cared for in a safe environment. We take our safeguarding role very seriously and pay particular attention to the Government's national priorities;
- to ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care;
- to improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct business in accordance with the highest standards of integrity, probity, and openness;
- to provide supportive and challenging corporate governance to our schools, for the benefit of our students and their families.

Objectives, Strategies and Activities

Key activities and targets are identified in the Improvement and Development plan and are informed by the significant challenges and opportunities arising from national developments in education policy and funding.

The current targets include;

- Raising student achievement;
- Becoming a Trust with Academies that are graded outstanding by Ofsted;
- Improving Teaching and Learning through the use of Technology;
- Creating a shared support service that provides the foundations for outstanding teaching and learning.
- Ensuring that every single student progresses whilst in our care.

The Improvement and Development plan is supported by detailed activity targets and success criteria.

Public Benefit

The Trust has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the Trust can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

Trustees' Report (continued)

In setting our objectives and planning our activities the Trustees have carefully considered the Charity Commission's general guidance on public benefit.

Strategic Report

Achievements and Performance including Key Performance Indicators

The last academic year has been another of progress for both the Trust and the three schools within it. The management of our schools by our senior teams has been outstanding during the year and like all educational settings they are still dealing with the after effects of the COVID-19 pandemic.

We would also like to thank everyone who works in or attends our academies. The ethos and culture within our Trust is built around our total commitment to student progression along with us providing our students with strong pastoral support, so when our students leave us they are ready for the opportunities and challenges of the world of work or further education.

We are indebted also to the hard work and support of our numerous industrial, public sector organisations and university partners who tirelessly provide placements, both educational and workplace opportunities for our students.

The North Liverpool Academy, based in the Anfield area of Liverpool, is a popular school within the community and the demand for places remains strong, with the school now being over-subscribed every academic year. The school is a true community school, serving the needs of the community well and providing its resources for a host of local clubs, community groups as well as parents and carers.

The Governing body and senior leadership team will ensure that the North Liverpool Academy continues to have a transformational impact on the community it serves. They are dedicated to continue with the impressive improvement made over recent years and at the next Ofsted inspection the target is for the school to be rated Outstanding. Whilst this year's A level results were encouraging, the highlight was that many of our students gained places at prestigious Russell group Universities, such as Oxford University and Imperial College, London. Performance in Maths and Physics at A level was very strong with 75% of students achieving A or A*. During the year the school has developed a wider range of enrichment activities to further stretch and engage the students. For example, the scholar's group in the lower school are learning Latin and Greek and will progress to do Classics at GCSE. The school also has a Chess team and recently they finished second in a National Chess championship.

Liverpool Life Sciences UTC is located on the edge of Liverpool city centre and bordering Toxteth. The school opened in September 2013 and was the first school in the UK specialising in Science and Health Care for 14 to 19-year olds.

The UTC is a new type of school, where industrial partners and local universities help to both shape the curriculum offer and support the school by utilising their resources or partners. The school is working hard to develop the love of all things science within our students. It also has a programme of events for local primary schools, which gives them access to state-of-the-art facilities, which hopefully will inspire the next generation of scientists and health care professionals.

Ofsted comments such as "the UTC is a haven for pupils" and "the UTC provides an exciting, forward thinking curriculum for science and healthcare" clearly show how far the school has travelled in a relatively short period

Trustees' Report (continued)

of time. Liverpool Life Sciences UTC has again supported 100% of students to achieve a positive destination. All students successfully moved on to further education, higher education, a job or apprenticeship.

We take pride from the fact that the school is one of the best performing UTCs nationally for exam outcomes and student progression and its key stage five performance is in the top ten per cent nationally. For students from L8 postcodes the UTC is proving to be truly transformational. L8 (Toxteth) is an incredibly socially and economically deprived area where progression to university is less than ten per cent. Seventy per cent of students from a home in L8 who attend the UTC end up going to a university of their choice.

The leadership team are committed to continually improving the school and having the school recognised as being truly outstanding and life-changing for our students.

The Studio Liverpool is a specialist school of just over three hundred students, between the ages of 14 to 19, who are keen on digital technologies or the creative arts. It is a very forward-thinking school which benefits from the significant input of over a dozen industrial partners alongside the support and encouragement of both local and national universities.

The summer results were encouraging and are now on a strong three-year trend with attainment well above national averages.

The academic results for both the UTC and Studio school are on an upward three-year trend and we very much expect that progress to continue. Along with continually improving examination results we are hoping that when Ofsted comes again both schools are judged as being Outstanding. Along with strong educational performance we are very proud of the destinations that our students have secured. The challenge isn't to get our students to achieve a university place but to achieve an appropriate university place, on the right course and at the right university that will support their forward journey.

Our schools and their leadership teams acknowledge they are on a journey of continuous improvement for the benefit of our students and their families. They also see the positive impact good schools have on the communities in which our students live.

Going Concern

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

The Trustees have concluded that COVID-19 has not affected the going concern considerations.

Promoting the success of the company

The Trust's success is the driving factor behind all decisions made by the Board and Governing Bodies. At the Trust Board we talk continually about our ethos and culture and the professional standards we and our schools follow. Every decision taken, whether it's at the Trust Board, at a Governors meeting or in a senior leadership meeting is based on what's best for our students. It's our collective singular focus.

Our Governors follow the National Governors Association guidance on professional standards and at all times are excellent ambassadors for our schools and Trust.

Trustees' Report (continued)

The Trust carefully considers the impact of the business on the communities and environments in which the Trust operates and engages with suppliers and business partners to ensure the best opportunities for our students. Due consideration is paid to stakeholders, including but not limited to our students, suppliers, business partners and employees.

In all of its activities, the Trust requires that our employees and partners conduct business to the highest ethical and professional standards. The Trust is committed to making a positive contribution to the health and wellbeing of our students, employees and the communities where we are based.

Financial Review

Most of the Trust's income is obtained from the Department for Education in the form of grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also receives grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charged over the expected useful life of the assets concerned.

During the year ended 31 August 2023, total expenditure of £18,626k was covered by grant funding from the Department for Education together with other incoming resources. The increase to general funds (restricted and unrestricted) for the year (excluding restricted fixed asset funds and pension reserve) was £310k.

At 31 August 2023 the net book value of fixed assets was £34,305k and movements in tangible fixed assets are shown in note 13 to the accounts. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

During the year the trust received £270k in funding relating to the impacts of COVID-19. This funding included the recovery premium and tuition funding.

Funds received relating to COVID-19 have been deployed as followed:

- Recovery premium – whole school strategies, targeted support, equipment, resources.
- Tuition funding – Additional support sessions, tutoring programme

Reserves Policy

The Trust currently has £392k of unrestricted reserves. The Trustees have decided that all unrestricted reserves will be utilised in helping the Trust achieve its objectives.

The Trustees will endeavour to keep an appropriate level of the General Annual Grant in reserve that it considers necessary for future operations and any capital projects or capital replacement.

The actuarial valuation of the pension scheme and the corresponding liability does not result in an immediate cash flow impact to the Trust. The Trustees are confident that any liabilities can be met as they fall due.

Trustees' Report (continued)

The Trustees have considered the impact of COVID-19 and have concluded that the level of reserves currently held is sufficient to address any uncertainties.

The current level of reserves is considered to be appropriate for the Trust. The reserves policy is reviewed annually.

Investment Policy

The Trust's investments policy is consistent with its Charitable Status. Investments must always be made in accordance with written procedures adopted by the Trust Board and must always ensure that the maximum integrity of such investments. The priority for the Trust since opening and during the period of capital build and student number growth has been to have cash invested in liquid investment products that bear no risk with its bankers HSBC and Santander.

The trustees have taken COVID-19 into consideration and concluded that the investment policy is suitable without changes.

Principal Risks and Uncertainties

The Trustees annually reviews risk management which involved identifying the types of risk the Trust faces and the systems in place or that needed to be implemented to mitigate against the risks the Trust faces. The Trust Risk Management strategy aims to ensure that the Trust complies with risk management best practice and sets out the current processes and responsibilities for risk management in the Trust. The Trustees have considered risks relating to the trust's estate to ensure the estate is safe, well maintained and complies with relevant regulations.

The main risks facing the Trust are not delivering improved outcomes for pupil, actual and potential financial challenges due to changing in funding and cost growth, instability of student numbers in non-traditional schools. The Trustees are satisfied that systems are in place to mitigate any of the risks identified.

The Risk Management Review identified and reviewed the following risk areas:

- Governance
- Operational
- Financial
- Environmental or external factors
- Compliance (law and regulation)

As part of their review of risk management the Trustees have particularly considered the effects of COVID-19. The Trustees are satisfied that the financial and education risks and uncertainties have been mitigated where possible.

Fundraising

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

COVID-19 has not had a significant impact on fundraising in the trust.

Trustees' Report (continued)

Streamlined Energy and Carbon Reporting

| UK Greenhouse gas emissions and energy use data for the period | 1 September 2022 to 31 August 2023 | 1 September 2021 to 31 August 2022 |
|--|------------------------------------|------------------------------------|
| Energy consumption used to calculate emissions (kWh) | 4,139,549 | 4,085,879 |
| <u>Scope 1 emissions in metric tonnes CO2e</u> | | |
| Gas consumption | 489.90 | 479.37 |
| Owned transport – mini-buses | 4.52 | 3.75 |
| <u>Total scope 1</u> | 494.42 | 483.12 |
| <u>Scope 2 emissions in metric tonnes CO2e</u> | | |
| Purchased electricity | 293.77 | 276.73 |
| <u>Scope 3 emissions in metric tonnes CO2e</u> | | |
| Business travel in employee owned vehicles | 4.5 | 3.18 |
| Total gross emissions in metric tonnes CO2e | 792.69 | 763.04 |
| <u>Intensity ratio</u> | | |
| Tonnes CO2e per pupil | 0.36 | 0.34 |

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 2023 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

During the year the trust invested in new energy efficient LED lighting and catering equipment in order to improve energy efficiency.

Plans for Future Periods

The Trust will continue to strive to improve both the attainment and progress of all of its students to provide them with the required life skills and confidence to progress in whichever direction they choose. The Trust will closely monitor the medium to long term impacts of COVID-19 and continue to utilise resources available to minimise the impact on students.

The Trust are considering alternative options for new schools to join the Trust. The Trust has a desire to grow and take on schools which fit both the ethos and culture of the Trust and which provide excellent educational provision in areas of economic and social disadvantage. However, the Trust recognises that quality of provision has priority over the desire to grow its network of schools.

During the year we have entered into discussions to welcome two schools into our Trust during the 2023/24 academic year, Four Oaks Primary School and Gateacre School. Four Oaks Primary School joined the Trust on 1 December 2023.

Trustees' Report (continued)

Further discussions have taken place with a number of other schools who have expressed an interest in joining the Trust and we are fairly certain that two or three of them will also join the Trust towards the end of the 2023/24 academic year.

To support our growth plans, the Department of Education has provided funds in excess of £300k for us to grow the central functions within the Trust to be able to support the growth in the number of schools within the Trust.

Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 19 December 2023 and signed on the board's behalf by:



G Wainwright

Chair of Trustees

19 December 2023

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Northern Schools 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Schools 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 7 times during the year. Due to COVID-19 Trustees had the option to attend in person or over video conferencing. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible | |
|-------------------|-------------------|-------------------|-------------------|
| N Ward | 7 | 7 | Chief Executive |
| G Wainwright | 7 | 7 | Chair of Trustees |
| S McKeown | 7 | 7 | |
| L Hughes | 7 | 7 | |
| G Ashton | 6 | 7 | |
| R Dubrow-Marshall | 6 | 7 | |
| E Byrne | 6 | 7 | |

The audit committee is also a sub-committee of the main board of the Trustees. Its purpose is to minimise risk, by identifying key areas of risk and mitigating those, in conjunction to safeguarding the Trust's assets. Attendance during the year at meetings of the audit committee was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------|-------------------|-------------------|
| S McKeown | 3 | 3 |
| R Dubrow-Marshall | 3 | 3 |
| G Ashton | 2 | 3 |

Governance Statement (continued)

Conflicts of interest

The Trust manages conflicts of interest by maintaining an up-to-date and complete register of interests. Trustees are also aware of their statutory duties as company directors to avoid conflicts of interest and have adopted a code of conduct which specifically covers conflicts of interest and transparency. Where a conflict of interest has been established the relevant trustee will no longer be included in any relevant discussions or decisions.

Governance reviews

The Trust has commissioned an external governance review to take place in early 2024.

Review of Value for Money

As Accounting Officer, the Chief Executive 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, as well as estates safety and management, 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:

- better purchasing – ensuring value for money;
- long term estate planning in order to ensure the trust's estate is safe, well-maintained, and compliant with regulations;
- reserves planning in line with estate planning;
- maximising income generation; and
- managing cash.

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 Schools Trust for the year ended 31 August 2023 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Governance Statement (continued)

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 by the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines; and
- identification and management of risks.

The Board of Trustees has decided to buy-in an internal audit service from Gardiner Russell Accounting Limited. This option has been chosen because a third-party accountant offers the independence, qualifications and experience desirable for the role.

The role includes giving advice on financial matters and other matters and performing a range of checks on the Trust's financial systems and other systems. In particular, the checks carried out in the current period include:

- testing of payroll systems;
- testing of purchase systems;
- testing of control account / bank reconciliations;

On a quarterly basis, the 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 Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The Trustees confirm that the external auditor has delivered their schedule of work as planned and has been delivered in line with the ESFA's requirements.

Review of Effectiveness

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

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

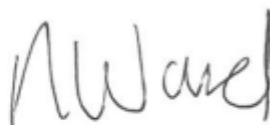
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and ensure continuous improvement of the system is in place.

Governance Statement (continued)

Approved by order of the members of the Board of Trustees on 19 December 2023 and signed on its behalf by:

**G Wainwright**

Chair of Trustees

**N Ward**

Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Northern Schools Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academy Trust Handbook 2022.

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.



N Ward

Accounting Officer

19 December 2023

Statement of Trustees' Responsibilities

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 in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023
- 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 19 December 2023 and signed on its behalf by:



G Wainwright

Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Northern Schools Trust

Opinion

We have audited the accounts of Northern Schools Trust for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis for accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Northern Schools Trust (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Northern Schools Trust (continued)

Auditor's responsibilities for the audit of the accounts

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the academy's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of management and members of the board of governors of their own identification and assessment of the risks of irregularities
- any matters identified having obtained and reviewed the academy's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential fraud in the following areas:

(i) The presentation of the academy's Statement of Financial Activities, (ii) the academy's accounting policy for revenue recognition, (iii) the overstatement of salary and other costs, (iv) the assumptions used in the calculation of the valuation of the surplus or deficit on the defined benefit pension scheme and the movement for the year. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Northern Schools Trust (continued)

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and the Statement of Recommended Practice – 'Accounting and Reporting by Charities' issued by the joint SORP making body, along with the Academy Trust Handbook and Academies Accounts Direction.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the academy's ability to operate or to avoid a material penalty. This includes regulations concerning Data Protection and Safeguarding.

Audit response to risks identified

As a result of performing the above, we identified the presentation of the academy's Statement of Financial Activities, revenue recognition and overstatement of wages and other costs as the key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified including the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of management and members of the board concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transaction that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Northern Schools Trust (continued)

Use of our report

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



Philip Griffiths (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth (Audit) Limited

19 December 2023

Accountants
Statutory Auditor

Mitchell Charlesworth (Audit) Limited
3rd Floor
5 temple Square
Liverpool
Merseyside
L2 5PH

Independent Reporting Accountant's Assurance Report on Regularity to Northern Schools Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 7th September 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Northern Schools Trust during the year ended 31 August 2023 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 Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Northern Schools 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 Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Northern Schools Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Northern Schools Trust's funding agreement with the Secretary of State for Education dated 17 May 2013 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 ended 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to Northern Schools Trust and the Education and Skills Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

- Reviewing the activities to ensure they are in keeping with the charitable objectives and framework;
- Reviewing declarations of interest and seeking further representations;
- Reviewing the control environment and considering potential weaknesses;
- Reviewing minutes of various committees, management accounts and holding discussions with key personnel.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mitchell Charlesworth (Audit) Limited.

Reporting Accountant

Mitchell Charlesworth (Audit) Limited
3rd Floor
5 temple Square
Liverpool
Merseyside
L2 5PH

19 December 2023

Consolidated Statement of Financial Activities for the Year Ended 31 August 2023

(Including Income and Expenditure Account)

| | | Unrestricted | Restricted | Restricted | 2022/23 | 2021/22 |
|---|------------|--------------|----------------|---------------|----------------------|---------------|
| | Note | Funds | General | Fixed | Total | Total |
| | | £000 | Funds | Asset | £000 | £000 |
| | | | £000 | Funds | | |
| | | | | £000 | | |
| Incoming and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | 2 | 509 | 511 | 155 |
| Other trading activities | 4 | 94 | 87 | - | 181 | 250 |
| Investments | 5 | 14 | - | - | 14 | 2 |
| Charitable activities: | | | | | | |
| Funding for the Trust's educational operations | 3 | 304 | 17,243 | - | 17,547 | 16,035 |
| Total | | <u>412</u> | <u>17,332</u> | <u>509</u> | <u>18,253</u> | <u>16,442</u> |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| Trust educational operations | 6 | 328 | 17,201 | 1,097 | 18,626 | 17,937 |
| Total | 6,8 | <u>328</u> | <u>17,201</u> | <u>1,097</u> | <u>18,626</u> | <u>17,937</u> |
| Net income / (expenditure) | | 84 | 131 | (588) | (373) | (1,495) |
| Transfers between funds | 17 | - | (76) | 76 | - | - |
| Other recognised gains / (losses): | | | | | | |
| Actuarial gains / (losses) on defined benefit pension schemes | 17,24 | - | 1,945 | - | 1,945 | 7,930 |
| Net movement in funds | | 84 | 2,000 | (512) | 1,572 | 6,435 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 308 | (4,156) | 34,843 | 30,995 | 24,560 |
| Total funds carried forward | | <u>392</u> | <u>(2,156)</u> | <u>34,331</u> | <u>32,567</u> | <u>30,995</u> |

All of the Trust's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance Sheet as at 31 August 2023

Company Number 05067702

| | Notes | 2023 | | Group and Company 2022 | |
|---|-------|--------------|---------------|---------------------------|---------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 34,305 | | 34,843 |
| Current assets | | | | | |
| Debtors | 14 | 970 | | 565 | |
| Cash at bank and in hand | | 1,959 | | 1,328 | |
| | | <u>2,929</u> | | <u>1,893</u> | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | (1,651) | | (949) | |
| Net current assets | | | <u>1,278</u> | | <u>944</u> |
| Total assets less current liabilities | | | <u>35,583</u> | | <u>35,787</u> |
| Creditors: Amounts falling due after more than one year | 16 | | (10) | | (12) |
| Net assets excluding pension asset/(liability) | | | <u>35,573</u> | | <u>35,775</u> |
| Defined benefit pension scheme asset/(liability) | 24 | | (3,006) | | (4,780) |
| Total net assets | | | <u>32,567</u> | | <u>30,995</u> |
| Funds of the multi academy trust: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 17 | 34,331 | | 34,843 | |
| Restricted income fund | 17 | 850 | | 624 | |
| Pension reserve | 17 | (3,006) | | (4,780) | |
| Total restricted funds | | | <u>32,175</u> | | <u>30,687</u> |
| Unrestricted income funds | 17 | | 392 | | 308 |
| Total funds | | | <u>32,567</u> | | <u>30,995</u> |

The financial statements on pages 25 to 48 were approved by the Trustees, and authorised for issue on 19 December 2023 and are signed on their behalf by:



G Wainwright
Chair of Trustees

Consolidated Statement of Cash Flows for the Year Ended 31 August 2023

| | Notes | 2023 £000 | 2022 £000 |
|--|-----------|----------------------------|---------------------|
| Cash flows from operating activities | | | |
| Net cash provided by (used in) operating activities | 20 | 666 | 402 |
| Cash flows from investing activities | | | |
| | 21 | (35) | (170) |
| Change in cash and cash equivalents in the reporting period | | <u>631</u> | <u>232</u> |
| Cash and cash equivalents at 1 September 2022 | | 1,328 | 1,096 |
| Cash and cash equivalents at 31 August 2023 | 22 | <u><u>1,959</u></u> | <u><u>1,328</u></u> |

Notes to the Financial Statements

1 Accounting Policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Consolidated accounts

The group financial statements consolidate the financial statements of the company and all its subsidiaries.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are de-consolidated from the date on which control ceases.

All intra-group transactions are eliminated as part of the consolidation process. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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 company 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.

Income

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

Grants

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

Notes to The Financial Statements (continued)

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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship Income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other Income

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

Donated goods, facilities and services

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

Donated fixed assets

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

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

Notes to The Financial Statements (continued)

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 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.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 each asset on a straight-line basis over its expected useful life, as follows:

| | |
|----------------------------------|---------------|
| Freehold buildings | Over 50 years |
| Long leasehold buildings | Over 50 years |
| Fixtures, fittings and equipment | 20% on cost |
| ICT equipment | 25% on cost |
| Motor Vehicles | 25% on cost |

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

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

Liabilities

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

Notes to The Financial Statements (continued)

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.

Leased Assets

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

Investments

The Trust's shareholding in the wholly owned subsidiary, North West Academy Services Limited, is consolidated in the accounts. The company was dissolved on 14 February 2023.

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 basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 15-16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The multi academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the 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.

Pensions Benefits

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

Notes to The Financial Statements (continued)

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.

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 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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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.

Notes to The Financial Statements (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy 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 26.

2 Donations and capital grants

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2022/23 £000 | Total 2021/22 £000 |
|-----------------|-------------------------------|-----------------------------|--------------------------|--------------------------|
| Capital grants | - | 509 | 509 | 153 |
| Other donations | - | 2 | 2 | 2 |
| | <u>-</u> | <u>511</u> | <u>511</u> | <u>155</u> |
| 2021/22 total | <u>-</u> | <u>155</u> | <u>155</u> | |

Notes to The Financial Statements (continued)
3 Funding for the Multi Academy Trust's educational operations

| | Unrestricted Funds £000 | Restricted Funds £000 | 2022/23 Total £000 | 2021/22 Total £000 |
|--|-------------------------------|-----------------------------|--------------------------|--------------------------|
| DfE / ESFA grants | | | | |
| General Annual Grant (GAG) | - | 14,850 | 14,850 | 13,690 |
| Other DfE / ESFA grants | - | 102 | 102 | 115 |
| Pupil premium | - | 918 | 918 | 896 |
| Schools supplementary grant | - | 382 | 382 | 159 |
| Rates relief | - | 118 | 118 | 113 |
| Teachers' pension grant | - | 118 | 118 | 120 |
| Local government pension scheme | - | - | - | 260 |
| Mainstream schools additional grant | - | 188 | 188 | - |
| | <u>-</u> | <u>16,676</u> | <u>16,676</u> | <u>15,353</u> |
| Other Government grants | | | | |
| Local authority grants | - | 160 | 160 | 108 |
| | <u>-</u> | <u>160</u> | <u>160</u> | <u>108</u> |
| COVID-19 additional funding (DfE/ESFA) | | | | |
| Recovery premium | - | 250 | 250 | 134 |
| Other DfE/ESFA COVID-19 funding | - | 20 | 20 | 64 |
| | <u>-</u> | <u>270</u> | <u>270</u> | <u>198</u> |
| Other income from the Trust's educational operations | 304 | 137 | 441 | 376 |
| | <u>304</u> | <u>17,243</u> | <u>17,547</u> | <u>16,035</u> |
| 2021/22 total | <u>185</u> | <u>15,850</u> | <u>16,035</u> | |

4 Other trading activities

| | Unrestricted Funds £000 | Restricted Funds £000 | 2022/23 Total £000 | 2021/22 Total £000 |
|--|-------------------------------|-----------------------------|--------------------------|--------------------------|
| Hire of facilities | 81 | - | 81 | 106 |
| Income from ancillary trading activities | 13 | - | 13 | 15 |
| Risk protection arrangement claims | - | 87 | 87 | 129 |
| | <u>94</u> | <u>87</u> | <u>181</u> | <u>250</u> |
| 2021/22 total | <u>121</u> | <u>129</u> | <u>250</u> | |

Notes to The Financial Statements (continued)
5 Investment income

| | Unrestricted Funds £000 | Restricted Funds £000 | 2022/23 Total £000 | 2021/22 Total £000 |
|---------------------|-------------------------------|-----------------------------|--------------------------|--------------------------|
| Short term deposits | 14 | - | 14 | 2 |
| | <u>14</u> | <u>-</u> | <u>14</u> | <u>2</u> |
| 2021/22 total | <u>2</u> | <u>-</u> | <u>2</u> | |

6 Expenditure

| | Staff costs £000 | Non-pay expenditure Premises £000 | Other £000 | 2022/23 Total £000 | 2021/22 Total £000 |
|---|---------------------|---|---------------|--------------------------|--------------------------|
| Academy's educational operations | | | | | |
| Direct costs | 11,005 | 932 | 1,530 | 13,467 | 12,773 |
| Allocated support costs | 2,442 | 1,360 | 1,357 | 5,159 | 5,164 |
| | <u>13,447</u> | <u>2,292</u> | <u>2,887</u> | <u>18,626</u> | <u>17,937</u> |
| | | | | 2022/23 £000 | 2021/22 £000 |
| Depreciation / Impairment | | | | 1,097 | 1,087 |
| (Gain)/loss on disposal of fixed assets | | | | (1) | - |
| Fees payable to auditor | | | | 13 | 12 |
| - audit | | | | 8 | 6 |
| - other services | | | | | |

7 Analysis of grant expenditure

| | Unrestricted Funds £000 | Restricted Funds £000 | 2022/23 Total £000 | 2021/22 Total £000 |
|--|-------------------------------|-----------------------------|--------------------------|--------------------------|
| Improvements to property occupied by the trust | - | - | - | 169 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>169</u> |
| 2021/22 total | <u>-</u> | <u>169</u> | <u>169</u> | |

Notes to The Financial Statements (continued)

8 Charitable activities

| | 2022/23 £000 | 2021/22 £000 |
|--------------------------------|-----------------|-----------------|
| Direct costs | 13,467 | 12,773 |
| Support costs | 5,159 | 5,164 |
| | <u>18,626</u> | <u>17,937</u> |
| | 2022/23 £000 | 2021/22 £000 |
| Allocated support costs | | |
| Support staff costs | 2,442 | 2,685 |
| Depreciation | 165 | 141 |
| Technology costs | 97 | 97 |
| Premises costs | 1,291 | 1,263 |
| Other support costs | 905 | 771 |
| Governance costs | 259 | 207 |
| | <u>5,159</u> | <u>5,164</u> |

9 Staff

a. Staff costs

Staff costs during the period were:

| | 2022/23 £000 | 2021/22 £000 |
|-------------------------------------|-----------------|-----------------|
| Wages and salaries | 9,385 | 8,869 |
| Social security costs | 962 | 918 |
| Pension costs | 2,105 | 2,767 |
| Apprenticeship levy | 32 | 29 |
| | <u>12,484</u> | <u>12,583</u> |
| Agency staff costs | 945 | 727 |
| Staff restructuring costs | 18 | 12 |
| | <u>13,447</u> | <u>13,322</u> |
| Staff restructuring costs comprise: | | |
| Severance payments | 18 | 12 |
| | <u>18</u> | <u>12</u> |

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,555 (2021/22: £12,199). Individually, the payments were: £17,555.

Notes to The Financial Statements (continued)

c. Staff numbers

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

| | 2022/23 No. | 2021/22 No. |
|----------------------------|----------------|----------------|
| Teachers | 144 | 146 |
| Administration and support | 133 | 130 |
| Management | 5 | 5 |
| | <u>282</u> | <u>281</u> |

d. Higher paid staff

The number of employees benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:

| | 2022/23 No. | 2021/22 No. |
|----------------------|----------------|----------------|
| £60,001 to £70,000 | 5 | 2 |
| £80,001 to £90,000 | 3 | 3 |
| £90,001 to £100,000 | 2 | 2 |
| £120,001 to £130,000 | 2 | 2 |

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management 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 Trust was £701,429 (2021/22: £673,429).

10 Central Services

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

- Human Resources
- Enterprise and Marketing Management
- Facilities Management
- Financial Management
- IT Management
- Clerking Services

Charges of 5% of General Annual Grant (GAG) were made for these services in the year. Services provided in addition to the above are charged to the relevant academy on a cost basis.

The actual amounts charged during the year were as follows:

| | 2022/23 £000 | 2021/22 £000 |
|-----------------------------|-----------------|-----------------|
| North Liverpool Academy | 610 | 558 |
| The Studio, Liverpool | 142 | 112 |
| Liverpool Life Sciences UTC | 252 | 200 |
| | <u>1,004</u> | <u>870</u> |

Notes to The Financial Statements (continued)

11 Related Party Transactions - Trustees' remuneration and expenses

Two Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The staff Trustees only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment.

The value of Trustee's remuneration was as follows:

N Ward (Chief Executive)

Remuneration £125,000 - £130,000 (2021/22: £125,000 - £130,000)

Employer's pension contributions paid £20,000 - £25,000 (2021/22: £20,000 - £25,000)

L Hughes (Director of Finance)

Remuneration £65,000 - £70,000 (2021/22: £60,000 - £65,000)

Employer's pension contributions paid £10,000 - £15,000 (2021/22: £10,000 - £15,000)

During the year ended 31 August 2023, travel and subsistence expenses totalling £360 (2021/22: £386) were reimbursed to 1 trustee (2021/22: 2).

12 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 academy 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 membership.

13 Tangible fixed assets (group and company)

| | Freehold property | Leasehold property | Computer equipment | Furniture and equipment | Motor vehicles | Total |
|--------------------------|----------------------|-----------------------|-----------------------|-------------------------------|-------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | | |
| At 1 September 2022 | 9,912 | 35,044 | 4,471 | 4,680 | 127 | 54,234 |
| Additions | - | 3 | 494 | 62 | - | 559 |
| Disposals | - | - | - | (9) | - | (9) |
| At 31 August 2023 | 9,912 | 35,047 | 4,965 | 4,733 | 127 | 54,784 |
| Depreciation | | | | | | |
| At 1 September 2022 | 1,647 | 8,863 | 4,189 | 4,587 | 105 | 19,391 |
| Charge for the year | 198 | 701 | 158 | 33 | 7 | 1,097 |
| Disposals | - | - | - | (9) | - | (9) |
| At 31 August 2023 | 1,845 | 9,564 | 4,347 | 4,611 | 112 | 20,479 |
| Net book values | | | | | | |
| At 31 August 2023 | 8,067 | 25,483 | 618 | 122 | 15 | 34,305 |
| At 31 August 2022 | 8,265 | 26,181 | 282 | 93 | 22 | 34,843 |

Notes to The Financial Statements (continued)
14 Debtors (group and company)

| | 2023 | 2022 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Trade debtors | 35 | 9 |
| VAT recoverable | 216 | 84 |
| Other debtors | 6 | 7 |
| Prepayments and accrued income | 713 | 465 |
| | <u>970</u> | <u>565</u> |

15 Creditors (group and company): amounts falling due within one year

| | 2023 | 2022 |
|------------------------------------|--------------|-------------|
| | £000 | £000 |
| Trade creditors | 553 | 171 |
| Other taxation and social security | 229 | 226 |
| Other creditors | 131 | 66 |
| Other creditors - ESFA | 205 | 194 |
| Salix Loan | 2 | 1 |
| Pensions | 220 | - |
| Accruals and deferred income | 311 | 291 |
| | <u>1,651</u> | <u>949</u> |

Deferred income

| | 2023 | 2022 |
|-------------------------------------|-------------|-------------|
| | £000 | £000 |
| Deferred income at 1 September 2022 | 12 | 66 |
| Released from previous years | (12) | (66) |
| Resources deferred in the year | 49 | 12 |
| Deferred income at 31 August 2023 | <u>49</u> | <u>12</u> |

Deferred income held at 31 August 2023 relates to amounts received for contributions for trips, grants and funding received in the year but which relate to the periods after this date.

16 Creditors (group and company): amounts falling due in greater than one year

| | 2023 | 2022 |
|------------|-------------|-------------|
| | £000 | £000 |
| Salix Loan | 10 | 12 |
| | <u>10</u> | <u>12</u> |

A Salix loan of £14,191 was provided on the following repayment terms – 16 payments over 8 years. The balance at 31 August 2023 was £11,530 (including amounts falling within one year).

Notes to The Financial Statements (continued)
17 Funds

| | Balance at 1 September 2022 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2023 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 624 | 14,850 | (14,548) | (76) | 850 |
| Pupil premium | - | 918 | (918) | - | - |
| Recovery premium | - | 250 | (250) | - | - |
| Other DfE/ESFA COVID-19 funding | - | 20 | (20) | - | - |
| Other DfE/ESFA grants | - | 908 | (908) | - | - |
| Local authority grants | - | 160 | (160) | - | - |
| Risk protection arrangement claims | - | 87 | (87) | - | - |
| Other grants | - | 139 | (139) | - | - |
| Pension reserve | (4,780) | - | (171) | 1,945 | (3,006) |
| | <u>(4,156)</u> | <u>17,332</u> | <u>(17,201)</u> | <u>1,869</u> | <u>(2,156)</u> |
| Restricted fixed asset funds | | | | | |
| Capital grant | 16,672 | 509 | (568) | - | 16,613 |
| Capital expenditure from GAG | 2,472 | - | (35) | 76 | 2,513 |
| Other | 15,699 | - | (494) | - | 15,205 |
| | <u>34,843</u> | <u>509</u> | <u>(1,097)</u> | <u>76</u> | <u>34,331</u> |
| Total restricted funds | <u>30,687</u> | <u>17,841</u> | <u>(18,298)</u> | <u>1,945</u> | <u>32,175</u> |
| Unrestricted funds | 308 | 412 | (328) | - | 392 |
| Total funds | <u>30,995</u> | <u>18,253</u> | <u>(18,626)</u> | <u>1,945</u> | <u>32,567</u> |

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

- The General Annual Grant (GAG) is used to meet the day to day working capital commitments of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023.
- Pupil premium and the recovery premium fund activities that raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers.
- Other DfE/ESFA grants is mainly made up of amounts received for rates relief, teachers' pension grant, supplementary grant, and LGPS cessation deficit funding.
- Local authority grants are mainly used to meet special educational needs costs.
- Other grants are used to meet costs of a specific project.
- The pension fund relates to the Trust's share of the deficit of the Local Government Pension Scheme (note 24).
- The capital grant has been used to fund the costs to date of computer and specialist equipment.

The Trustees have reviewed the balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2023. They consider that the current level of funds is sufficient for the Trusts future needs.

Notes to The Financial Statements (continued)

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

| | Total £000 |
|---|-----------------------------|
| Central services | 36 |
| North Liverpool Academy | 2,232 |
| The Studio, Liverpool | (424) |
| Liverpool Life Sciences UTC | (602) |
| Total before fixed assets and pension reserve | <u>1,242</u> |
| Restricted fixed asset fund | 34,331 |
| Pension reserve | (3,006) |
| Total | <u><u>32,567</u></u> |

Liverpool Life Sciences UTC is carrying a net deficit of £602k (2022: 656k) on these funds due to claw back of funding due to pupil number adjustments. The Trust has a repayment plan to return the academy to surplus.

The Studio, Liverpool is carrying a net deficit of £424k (2022: £435k) on these funds due to claw back of funding due to pupil number adjustments. The Trust has a repayment plan to return the academy to surplus.

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 | 2022/23 Total £000 | 2021/22 Total £000 |
|-----------------------------|--|---|--|--|-----------------------------------|-----------------------------------|
| Central services | 121 | 805 | - | 65 | 991 | 907 |
| North Liverpool Academy | 7,263 | 1,073 | 600 | 1,812 | 10,748 | 10,558 |
| The Studio | 2,324 | 365 | 179 | 869 | 3,737 | 1,920 |
| Liverpool Life Sciences UTC | 1,297 | 199 | 79 | 478 | 2,053 | 3,465 |
| Academy Trust | <u>11,005</u> | <u>2,442</u> | <u>858</u> | <u>3,224</u> | <u>17,529</u> | <u>16,850</u> |

Costs not attributable totalled £1,097k.

Notes to The Financial Statements (continued)

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

| | Balance at 1 September 2021 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2022 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 707 | 13,690 | (13,657) | (116) | 624 |
| Pupil premium | - | 896 | (896) | - | - |
| Recovery premium | - | 134 | (134) | - | - |
| Other DfE/ESFA COVID-19 funding | - | 64 | (64) | - | - |
| Other DfE/ESFA grants | - | 767 | (767) | - | - |
| Local authority grants | - | 108 | (108) | - | - |
| Risk protection arrangement claims | - | 129 | (129) | - | - |
| Other grants | - | 193 | (193) | - | - |
| Pension reserve | (12,020) | - | (690) | 7,930 | (4,780) |
| | <u>(11,313)</u> | <u>15,981</u> | <u>(16,638)</u> | <u>7,814</u> | <u>(4,156)</u> |
| Restricted fixed asset funds | | | | | |
| Capital grant | 17,079 | 153 | (560) | - | 16,672 |
| Capital expenditure from GAG | 2,389 | - | (33) | 116 | 2,472 |
| Other | 16,193 | - | (494) | - | 15,699 |
| | <u>35,661</u> | <u>153</u> | <u>(1,087)</u> | <u>116</u> | <u>34,843</u> |
| Total restricted funds | <u>24,348</u> | <u>16,134</u> | <u>(17,725)</u> | <u>7,930</u> | <u>30,687</u> |
| Unrestricted funds | 212 | 308 | (212) | - | 308 |
| Total funds | <u>24,560</u> | <u>16,442</u> | <u>(17,937)</u> | <u>7,930</u> | <u>30,995</u> |

18 Analysis of net assets between funds

Fund balances at 31 August 2023 are represented by:

| | Unrestricted Funds £000 | Restricted Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|--------------------------|-------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | - | - | 34,305 | 34,305 |
| Current assets | 392 | 2,511 | 26 | 2,929 |
| Current liabilities | - | (1,651) | - | (1,651) |
| Non-current liabilities | - | (10) | - | (10) |
| Pension scheme liability | - | (3,006) | - | (3,006) |
| Total net assets | <u>392</u> | <u>(2,156)</u> | <u>34,331</u> | <u>32,567</u> |

Notes to The Financial Statements (continued)

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

| | Unrestricted Funds £000 | Restricted Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|--------------------------|-------------------------------|-----------------------------|--|------------------------|
| Tangible fixed assets | - | - | 34,843 | 34,843 |
| Current assets | 308 | 1,585 | - | 1,893 |
| Current liabilities | - | (961) | - | (961) |
| Pension scheme liability | - | (4,780) | - | (4,780) |
| Total net assets | <u>308</u> | <u>(4,156)</u> | <u>34,843</u> | <u>30,995</u> |

19 Long-term commitments, including operating leases

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2023 £000 | 2022 £000 |
|--|-----------------|------------------|
| Amounts due within one year | 4 | 4 |
| Amounts due between one and five years | <u>1</u> | <u>6</u> |
| | <u>5</u> | <u>10</u> |

20 Reconciliation of consolidated net income/(expenditure) to net cash inflow from operating activities

| | 2022/23 £000 | 2021/22 £000 |
|--|-------------------|-------------------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | (373) | (1,495) |
| Depreciation (note 13) | 1,097 | 1,087 |
| Capital grants from DfE and other capital | (509) | (153) |
| (Loss)/profit on disposal of tangible fixed assets | (1) | - |
| Interest receivable (note 5) | (14) | (2) |
| Defined benefit pension scheme cost less contributions payable (note 24) | 98 | 535 |
| Defined benefit pension scheme finance cost (note 24) | 58 | 141 |
| Defined benefit pension administration costs (note 24) | 15 | 14 |
| (Increase)/decrease in debtors | (405) | 58 |
| Increase/(decrease) in creditors | 700 | 217 |
| Net cash provided by / (used in) Operating Activities | <u>666</u> | <u>402</u> |

Notes to The Financial Statements (continued)

21 Cash flows from investing activities

| | 2022/23 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Dividends, interest and rents from investments | 14 | 2 |
| Profit on sale of tangible fixed assets | 1 | - |
| Purchase of tangible fixed assets | (559) | (325) |
| Capital grants from DfE/ESFA | 509 | 153 |
| Net cash provided by / (used in) investing activities | (35) | (170) |

22 Analysis of cash and cash equivalents

| | 2023 £000 | 2022 £000 |
|--------------------------|--------------|--------------|
| Cash in hand and at bank | 1,959 | 1,328 |
| | 1,959 | 1,328 |

23 Members' liability

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

24 Pension and similar obligations

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 Merseyside Pension Scheme. 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 £219,765 were payable to the schemes at 31 August 2023 (2022: nil) and are included within creditors.

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 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.

Notes to The Financial Statements (continued)

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 latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The revised employer contribution rate, arising from this valuation, is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £1,386,605 (2021/22: £1,301,700).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The 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 2023 was £750,290 (2021/22: £688,431), of which employer's contributions totalled £548,796 (2021/22: £502,236) and employees' contributions totalled £201,494 (2021/22: £186,195). The agreed contribution rates for future years are 17 – 18.1 per cent for employers and 5.5 - 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Notes to The Financial Statements (continued)

At the 2022 actuarial valuation the North Liverpool Academy and Liverpool Life Sciences UTC schemes were in deficit. Additional contributions are made in addition to normal funding levels. The implied recovery period from 1 April 2023 is 13 years for North Liverpool Academy and 16 years for Liverpool Life Sciences UTC.

Principal actuarial assumptions

| | 2023 | 2022 |
|--|------|------|
| Rate of increase in salaries | 2.8% | 2.8% |
| Rate of increase for pensions in payment / inflation | 4.3% | 4.3% |
| Discount rate for scheme liabilities | 2.9% | 2.9% |
| Inflation assumption (CPI) | 5.3% | 4.3% |

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

The assumed life expectations on retirement age 65 are:

| | 2023 | 2022 |
|-----------------------------|------|------|
| <i>Retiring today</i> | | |
| Males | 20.8 | 20.9 |
| Females | 23.3 | 24 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.1 | 22.4 |
| Females | 25.1 | 25.9 |

Sensitivity analysis

| | 2023 | 2022 |
|--|-------|-------|
| | £000 | £000 |
| Merseyside Pension Fund | | |
| Discount rate +0.1% | (229) | (256) |
| Discount rate -0.1% | 235 | 262 |
| Mortality assumption – 1 year increase | 239 | 222 |
| Mortality assumption – 1 year decrease | (235) | (217) |
| CPI rate +0.1% | 235 | 264 |
| CPI rate -0.1% | (231) | (258) |

The analysis does not include figures for The Kingsway Academy.

The multi academy trust's share of the assets in the scheme were:

| | 2023 | 2022 |
|-------------------------------------|---------------|--------------|
| | £000 | £000 |
| Equities | 6,630 | 4,812 |
| Government bonds | 697 | 857 |
| Other bonds | 355 | 456 |
| Property | 1,506 | 1,057 |
| Cash/liquidity | 186 | 253 |
| Other | 3,442 | 2,537 |
| Total market value of assets | 12,816 | 9,972 |

The actual return on scheme assets was £328,000 (2022: (£383,000)).

Notes to The Financial Statements (continued)
Amounts recognised in the Statement of Financial Activities

| | 2022/23 | 2021/22 |
|--|---------------------|-----------------------|
| | £000 | £000 |
| Current service cost | (645) | (1,292) |
| Interest income | 395 | 154 |
| Interest cost | (453) | (295) |
| Administration expenses | (15) | (14) |
| Total amount recognised in the SOFA | <u>(718)</u> | <u>(1,447)</u> |

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

| | 2022/23 | 2021/22 |
|-----------------------------------|----------------------|----------------------|
| | £000 | £000 |
| At 1 September | 14,752 | 22,088 |
| Current service cost | 645 | 1,292 |
| Interest cost | 453 | 295 |
| Employee contributions | 205 | 184 |
| Experience (gain)/loss | 2,980 | 1,123 |
| Actuarial (gain)/loss | (2,958) | (9,590) |
| Benefits paid | (255) | (123) |
| Effect of non-routine settlements | - | (517) |
| At 31 August | <u>15,822</u> | <u>14,752</u> |

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

| | 2022/23 | 2021/22 |
|---|----------------------|---------------------|
| | £000 | £000 |
| At 1 September | 9,972 | 10,068 |
| Return on plan assets (excluding net interest on the net defined pension liability) | 395 | 154 |
| Remeasurement | 1,967 | (537) |
| Administration Expenses | (15) | (14) |
| Employer contributions | 547 | 497 |
| Employee contributions | 205 | 184 |
| Benefits paid | (255) | (123) |
| Effect of non-routine settlements | - | (257) |
| At 31 August | <u>12,816</u> | <u>9,972</u> |

A balance of £3,133k for The Kingsway Academy pension scheme are included in the defined benefit pension scheme liability as per the final cessation valuations.

Notes to The Financial Statements (continued)

25 Related party transactions

Owing to the nature of the academy 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.

Income related party transactions

During the year the trust received the following amounts form related parties:

- Fylde Coast Scitt Ltd £4,810 for student teacher placements. The was no balance outstanding at the year end.
- £1,220 from Nigel Ward to sponsor students on overseas school trips.
- £600 from Geoff Ashton to sponsor students on overseas school trips.

26 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2022 the Trust received £147,514 (2021/22: £95,963), and disbursed £75,978 (2021/22: £76,623) from the fund. An amount of £129,177 (2022: £61,826) is in included in other creditors relating to undistributed funds and £4,185 (2022: £nil) in included in other creditors – ESFA as unused funds to be returned.

27 Events after the end of the reporting period

On the 1st December 2023 Four Oaks Primary School converted to academy status and joined Northern Schools Trust.