

TUDHOE LEARNING TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

TUDHOE LEARNING TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

B Hilton (appointed 1 April 2018)
J M Kenny
C Taque
I Whitfield (appointed 1 January 2018)
D Bowes (appointed 1 January 2018)
J V Graham (resigned 1 September 2017)

Directors

J H Smith, Chief Executive Officer and Accounting Officer
I Whitfield, Chair
M Simpson
A Boustead
D Collins (appointed 8 December 2017)
V Ingleton (appointed 13 July 2018)
D Turner
R Hodge (resigned 26 September 2017)
R Robson (resigned 9 October 2017)
J Temple (resigned 30 September 2017)
D Bowes

Company registered number

08270151

Company name

Tudhoe Learning Trust

Principal and registered office

Tudhoe Colliery Primary School
Front Street
Tudhoe
Spennymoor
Durham
DL16 6TJ

Company secretary

G Pigott

Chief executive officer

J H Smith

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

Waltons Clark Whitehill Limited
Chartered Accountants
Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Bankers

Lloyds TSB Bank plc
19 Market Place
Durham
DH1 3NL

Solicitors

Wombie Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle
NE1 3DX

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust includes seven primary schools situated within County Durham providing education for children between reception and Year 6.

Structure, governance and management

• CONSTITUTION

Governance of the Multi Academy Trust (MAT) operates at 3 levels

- 1) Members
- 2) Trustees of the Trust
- 3) Local Governing Bodies

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Articles of Association is the primary governing document of the academy trust.

The Directors of Tudhoe Learning Trust are also the Trustees of the charitable company for the purpose of company law.

The charitable company is known as Tudhoe Learning Trust.

Details of the Directors who served during the 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.

• METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

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

The membership of the Board is as follows:

- Up to three Directors appointed by the Members.
- Staff Directors appointed by the Members provided the total number of Directors who are employees does not exceed one third of the total number of Directors.
- The Chief Executive Officer.
- Additional Directors if appointed under Articles 61, 61A or 67A.
- Further Directors if appointed under Article 62.

The Directors other than the Chief Executive Officer are appointed for a term of four years.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Initially our board was made up of governors from Tudhoe Colliery Primary School and Chairs of the LGB of each school in the Trust. Following a skills audit and recruitment exercise our Board is no longer made up of Chairs from the schools, in line with Education department recommendations.

● **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS**

The induction and training of new Directors and individual school governors depends on their existing experience. Where necessary induction and training will be provided on charity, educational, legal and financial matters.

New Directors and governors will be given a tour of the schools and a chance to meet the staff. They will be provided with copies of policies, procedures and other documents they will need to fulfil their role.

We have been working with a new governor support service during 2017/18. This has resulted in an improvement in training and support for governors and directors as well a more efficient and effective structure, with greater clarity with regards to roles and responsibilities.

● **ORGANISATIONAL STRUCTURE**

The Trust comprises seven schools. Tudhoe Colliery Primary School, Acre Rigg Academy, Dene House Primary, South Hetton Primary, Shield Row Primary, Victoria Lane Academy and Stephenson Way Academy and Nursery.

The Members oversee the workings of the Trust and ensure it meets its obligations. The strategy and governance working group proposes strategy to the Directors for approval. The Board of Directors are the decision makers. They are responsible for setting general policy, adopting the annual development plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments. The Chief Executive Officer (CEO) is the Accounting Officer for the Trust.

The chairs of each local governing body meet termly to discuss and adopt best practice on governance between the schools.

The individual school heads meet half termly to share information and methods of implementation of strategy.

Each individual school has its own local governing body with the remit to run the school according to the principals of the Trust. There is a scheme of delegation which clearly sets out roles and responsibilities within the Trust.

The Trust has developed and formulated a 5 Year strategic plan.

The CEO is responsible for implementing the policies laid down by the Directors and reporting back to them. He also line manages the Head Teachers of the other schools.

● **RECRUITMENT/ SELECTION AND EQUAL OPPORTUNITIES**

The Trust has a Recruitment and Selection Policy that takes into account safer recruitment and is fully inclusive. The Policy is mindful of all 9 protected characteristics and ensures that no group is disadvantaged or vulnerable by its practice. The Trust includes Equal Opportunities monitoring forms and requests these are completed as part of each application process.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trust employs a Human Resource Manager who is fully experienced in managing the full life cycle of the employee. The Trust HR Manager works with a stand-alone attendance management system that is very much welfare based in principle and not linked to the disciplinary policy. Employees with a condition or symptoms arising from a condition that has lasted or is likely to last for a period of 12 months or more that directly impacts on their ability to perform normal day to day activity would fall within the definition of a disability for the purposes of the Equality Act 2010 and the Trust would act to make any and all reasonable adjustment to preserve and protect their employment overseen by the Trust HR Manager. Such adjustments would be entirely circumstance dependant but may include a change in working pattern or hours, an adjustment to duties or place of work. They may include the provision of specialist equipment and the use of professional occupational health services where appropriate or Access to Work and Fit for Work government support schemes.

Communication

Within all Trust schools there would be various meetings held by the Head or deputy head teacher to ensure all staff are communicated with. Each school has its own governing body who have termly meetings. Each Headteacher and Chair of Governors attends the termly Trust Directors meeting. Senior leaders meet to discuss issues and strategies moving forward. Early years staff meet as do middle leaders through our ongoing professional development. SEN staff meet termly to share good practice and to work with the educational psychologist team.

Consultation

Communication takes place locally within each school via staff meetings and then extra meetings are called if there are any specific issues to be discussed or information to be shared.

Performance Schemes

We have a very rigid and formal pay scale structure that does not allow for reward linked remuneration. However the leadership team and teachers only progress through their payscale with performance management.

Economic Factors affecting the Trust

Our biggest risk is the reduction of pupil numbers which would currently reduce funding from the ESFA. The Trust is aware of the need to recruit and retain suitable staff members and is considering succession planning. Changes in government policy could also affect the Trust.

Facilities and buildings are old and submission to grant funds such as the Condition Improvement Fund are made where possible to assist with the costs of upkeep. The Trust is aware of risks and is proactive.

● OBJECTS AND AIMS

Founded in 2012, Tudhoe Learning Trust is a family of seven schools, each with its own identity and heritage, with a collective aim: To work and learn together, always striving to ensure our pupils achieve their full potential and develop the skills and knowledge required for an ever changing world.

● OBJECTIVES, STRATEGIES AND ACTIVITIES

Our 5 year strategic plan clearly lays out our vision, values and distinctive features of our Trust, as we grow to develop more strategic ways of working which enables us to:

- Develop the capacity of staff within the Trust

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- Ensure economic efficiencies across the Trust
- Develop business opportunities across the Trust which will include supporting others schools and
- Work strategically with the Department for Education (DfE) and Regional Schools Commissioner.

● **PUBLIC BENEFIT**

In setting our objectives and planning our activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

All Directors are aware of the guidance and their responsibilities. All decisions taken ensure they are made for the benefit and purpose of the Trust.

Any decisions made take into account any risk ensuring they are mitigated for the Trust.

STRATEGIC REPORT

● **ACHIEVEMENTS AND KEY PERFORMANCE INDICATORS**

This year was always going to be a challenge and we set some demanding Priorities for Improvement for the year. It is testimony to the hard work of pupils, staff, governors and directors that those Pfls were achieved and consequently our capacity for further growth has been strengthened.

Attainment has improved in comparison to last year and is close to or above national scores at all major trigger points. This is quite an achievement considering that our proportion of disadvantaged pupils is around 50%, which is well above average. This has been achieved through continuing to share the best practice across the trust, the work of our SEN team, the Early Years Champion and our School Improvement Champion as well as the increased rigour of our Peer Review process.

This success was reflected within the five Ofsted inspections carried out across the Trust in the spring and summer terms of 2018. The three schools that joined us most recently following an inadequate judgement have all improved, with Shield Row and South Helton securing good judgements in all areas and Dene House deemed to require improvement. The other two inspections confirmed that Acre Rigg and Stephenson Way were still good.

This year we were also tasked by the Regional Schools Commissioners to review our governance structure. Consequently, following a full skill audit, we have strengthened our director board and now have eight directors, with one vacancy for a colleague with legal expertise who we are still trying to recruit. We have also established a chair of governors' board and a headteacher board, which both feed into the directors to help strengthen policy and practice. We have also strengthened individual LGBs by providing clarification and training in their role within the scheme of delegation, as well as focusing their attention on the drive to improve standards of education in their academy.

Centrally we have worked hard to improve commonality of policies and procedures. Staff absence has reduced markedly by around 50% and recruitment procedures are more streamlined. Financially, we have strengthened the team and have centralised procurement procedures as well as securing funding for a full window replacement programme in one of our schools and a full heating refurbishment in another. We were also granted planning permission for our new Trust offices at the end of the summer term, with the work due to start in September 2018. The project will be completed before the end of the year, with our central team in their new home by January 2019, building capacity for the future growth of our Trust.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial Key Performance Indicators

- To improve the effectiveness and efficiency of the financial systems by implementing a replacement finance system. Achieved
- Develop strong financial planning models. Achieved
- Maintain a positive cashflow Achieved

• **GOING CONCERN**

After making appropriate enquiries, the Board of Directors 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 Accounting Policies.

• **FINANCIAL REVIEW**

Most of the Trust's income is obtained from the DfE via the Education and Skills Funding Agency (ESFA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received and the associated expenditure are shown as restricted funds in the statement of financial activities.

In addition grants are also received for capital expenditure and these grants are shown as restricted income in the fixed asset fund.

Total income was £9,199k and expenditure was £9,318k, giving a deficit of £119k. Excluding the movement on capital funds and the pension reserve the in year surplus was £17k.

The provisions of FRS 102 relating to retirement benefits have been applied resulting in an decrease in the pension deficit of £173k. The deficit is now £4,268k.

All the expenditure in the year was in furtherance of the Trust's objectives.

At 31 August 2018 the net book value of fixed assets was £13,164k and the movements in the year are shown in notes 16 & 17. All the assets are used exclusively for providing education and associated support services to the pupils of the Trust.

At 31 August 2018 the Trust held fund balances (excluding the pension deficit) of £13,827k, comprising £13,333k of restricted fixed asset funds, £237k of restricted funds and £257k of unrestricted funds.

• **INVESTMENT POLICY AND PERFORMANCE**

The Trust invests surplus funds in an interest bearing account. The return on the investment is reviewed before the investment is made to ensure there is maximum return, whilst minimising risks to the sum invested. At the year end £246k had been placed on deposit.

• **RESERVES POLICY**

The Directors review the reserves levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The main financial risk to the Trust is that of managing its short term cashflow efficiently. To mitigate this risk it has been agreed that an appropriate reserve balance would equate to 4 weeks worth of salary expenditure for each school, being approximately £350k.

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DIRECTORS' REPORT (continued)
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In 2017/18 Shield Row Primary had a net deficit of £52,359. In the short-term this will be funded through Tudhoe Trust reserves and it is anticipated that Shield Row Primary will be funded through a grant held by the Trust on the schools behalf.

The Trust currently holds unrestricted funds of £256k and General Annual Grant of £145k (see note 22). Included within unrestricted funds is £85k of designated funds which are pots held by the Trust for payment of the pension deficit and to self insure for staff absence. This is explained in note 22.

The Trust has a pension deficit of £4,268k and there is a 17 year recovery plan in place. The Trust has been making deficit contributions for five years and plans to make future payments out of future income. Reserves will not be used to fund the deficit.

● **PRINCIPAL RISKS AND UNCERTAINTIES**

There is a risk register that is reviewed by the leadership team and the Audit Committee, this is reviewed on an annual basis, the principal risks used to compile and review are:

Physical Assets
Business Continuity
Financial
Technological
Third Party Liability
Environmental
Legal and compliance
Market and sector
Personnel
Political
Increasing costs relating to staff pay and conditions

The Trust considers that there are systems and internal controls in place to identify and minimise any risks, but however recognises there are a number of ongoing risks;

- Unable to continue to secure revenue to fund the ongoing business of the MAT and its academies
- Being unable to increase the number of pupils in each school
- Impact on pension liabilities on academies running costs
- Future changes to education legislation and ESFA funding
- Achievement of a Good or Outstanding OFSTED grade
- Continuing to secure and retain good quality teachers
- Financial pressures resulting on having to set a deficit budget.

● **FUTURE DEVELOPMENTS**

Longer term, we envisage the work of the Trust will involve supporting more schools in their development and improvement. We also intend to improve the fabric of the buildings and learning environment within the Trust.

The Trust will develop capacity and grow to a maximum of 12 schools within 5 years, the Trust will continue to sponsor vulnerable schools ensuring capacity allows and only with one vulnerable school within the Trust at anyone time.

End of Strategic Report

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDRAISING

This is a minor part of the activities we undertake as a Trust, all fundraising is carried out in schools by Teachers and Teaching Assistants and is aimed at Parents and their families. An example of what we would raise funds for would be 'Children in Need' or ' Non Uniform day. All funds raised are either for the benefit of the Charity and are paid over in full or for the benefit of the school for specific purchases.

We do not engage with any professional fundraisers.

All fundraising undertaken by schools is monitored by the Trust Central Finance team.

Any complaints would fall under our complaints policy and would be handled under this policy.

All money raised is voluntary and no cold calling is undertaken.

• PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Trust management team, including Head Teachers, Deputy Head Teachers and the Director of Finance and Business Development's pay will be determined by the CEO in conjunction with the Audit Committee and is performance related. Trust Directors will determine the pay range for a vacancy prior to advertising it.

On appointment Directors will determine the starting salary within that range to be offered to the successful candidate.

Trust Directors will seek to ensure that each member of the management team's salary (including the CEO) is reviewed annually with effect from 1st September, reviews may take place at other times of the year to reflect any changes in circumstances or responsibilities that lead to a change in the basis for calculating any individual's pay.

In Trust schools, judgements of performance will be made against the extent to which Head Teachers and Deputy Head Teachers have met their individual objectives and the relevant standards and how they have contributed to pupil progress and the wider contribution to the leadership and direction of the school and the Trust.

TRADE UNION FACILITY TIME

We did not have any trade union representatives as part of our work force during the financial year 2017-18 therefore there were no cost implications to this.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the Trust's equal opportunities policy, the Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

Waltons Clark Whitehill Limited, have indicated their willingness to continue in office. The Designated Directors will propose a motion re-appointing the auditors at a meeting of the Directors.

The Directors' report was approved by order of the Board of Directors, as the company directors, on 13/12/18 and signed on its behalf by:



I Whitfield
Chair

TUDHOE LEARNING TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Directors has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Tudhoe Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the statement of directors' responsibilities. The Board of Directors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
J H Smith, CEO and Accounting Officer	3	3
I Whitfield, Chair	3	3
M Simpson	3	3
A Boustead	3	3
D Collins (appointed 8 December 2017)	1	3
V Ingleton (appointed 13 July 2018)	1	1
D Turner	3	3
R Hodge (resigned 26 September 2017)	0	0
R Robson (resigned 9 October 2017)	0	0
J Temple (resigned 30 September 2017)	0	0

A review of the composition of the current board was undertaken by the strategy and governance working group. This entailed a detailed skills audit of all current directors and expressions of interest were requested from all directors to continue.

3 Directors resigned during the year and a further 2 were appointed.

The structure of the board is skills based rather than the chairs of local governing bodies automatically securing a directorship.

These changes were implemented from January 2018.

The board receives a report from the CEO giving aspirations and strategies for growth and improvement. They receive a report from the improvement officer of the main issues within each school. They also receive a finance report and performance data reports which include comparatives against national benchmarks and other schools within the Trust.

This gives the directors an overview of the position of the Trust and the main issues allowing them to make informed decisions.

The Trust top slices 4.6% of income from our schools to fund central expenditure. A review is undertaken on an annual basis to ensure the capacity within the Trust enables us to fulfil our strategic direction.

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GOVERNANCE STATEMENT (continued)

An audit committee has been put in place.

This committee is tasked with looking at governance, academy performance against targets, staff management and performance, financial management, academy procedures and premises and assets.

In the current year the committee discussed, reviewed and approved budgets, received and approved the annual accounts and discussed and approved a number of updated policies and procedures.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
J H Smith, CEO and Accounting Officer	3	3
I Whitfield	3	3
D Bowes	3	3
D Turner	3	3
M Simpson	3	3
D Collins (appointed 8 December 2017)	2	2

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors 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:

A review was undertaken of the efficiency of the finance process across the Trust. The findings of this review found it would be more efficient to centralise all finance duties and remove these tasks from the school office managers.

In preparation for this we invited three companies to give demonstrations of their IT finance software packages, all submitted quotes for these products.

An evaluation was carried out on the software taken into account whether it was fit for purpose, likability and cost.

The successful bid was commissioned in June 2018 and all training and implementation in June / July 2018 for a go live date in September 2018.

As part of the review we have also appointed an apprentice to assist with the finance duties and to train up to be an integral part of the finance team.

In previous years staff insurance was purchased for Teachers and Teaching Assistants however in 2017/18 the Trust decided to self insure. This has been successful in year 1 and has enabled us to build a provision for future years.

Photocopying arrangements were reviewed at Stephenson Way and Tudhoe Colliery Primary School which resulted in a substantial saving being made.

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GOVERNANCE STATEMENT (continued)

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 ongoing 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 Tudhoe Learning Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Waltons Clark Whitehill Limited, the external auditors, to perform additional checks.

The reviewer's role includes performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Checking compliance with the changes in the 2017 financial handbook and reviewing governance arrangements
- Testing controls over cash income and use of parent pay
- Testing a sample of income from the local council for controls over accuracy
- Testing controls over payroll

On an annual basis, the external auditors report to the Board of Directors through the audit committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The programme of work was completed as planned and no significant issues were found. Minor improvements to procedures have been suggested to the Directors and will be implemented.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Directors on 13/12/18 and signed on their behalf, by:



I Whitfield
Chair of Trustees



J H Smith
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Tudhoe Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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.

13/12/18



J H Smith
Accounting Officer

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors (who act as trustees of Tudhoe Learning Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 Directors 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 Directors 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 Directors 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 Directors on 13/12/18 and signed on its behalf by:



I Whitfield
Chair

TUDHOE LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TUDHOE LEARNING TRUST

UNQUALIFIED OPINION

We have audited the financial statements of Tudhoe Learning Trust (the 'Trust') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TUDHOE LEARNING TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

TUDHOE LEARNING TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TUDHOE LEARNING TRUST**

basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Heather O'Driscoll FCA (senior statutory auditor)

for and on behalf of

Waitons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX
19 December 2018

TUDHOE LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO TUDHOE LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tudhoe Learning Trust during the year 1 September 2017 to 31 August 2018 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 Tudhoe Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tudhoe Learning Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tudhoe Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF TUDHOE LEARNING TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Tudhoe Learning Trust's funding agreement with the Secretary of State for Education dated 18 December 2012, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the academy's internal controls and review processes on regularity, supported by detailed tests on a sample of costs, incurred by the academy and specific transactions identified from our review.

TUDHOE LEARNING TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO TUDHOE
LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Heather O'Driscoll FCA

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 19 December 2018

TUDHOE LEARNING TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	3	21,771	-	421,336	443,107	156,480
Charitable activities	4	-	8,319,036	-	8,319,036	8,467,142
Other trading activities	5	431,324	4,483	-	435,807	410,488
Investments	6	748	-	-	748	905
TOTAL INCOME		453,843	8,323,519	421,336	9,198,698	9,035,015
EXPENDITURE ON:						
Raising funds	8	141,815	-	-	141,815	150,750
Charitable activities	9	296,618	8,638,275	241,683	9,176,576	9,419,029
TOTAL EXPENDITURE	7	438,433	8,638,275	241,683	9,318,391	9,569,779
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	22	15,410	(314,756)	179,653	(119,693)	(534,764)
		-	(17,139)	17,139	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		15,410	(331,895)	196,792	(119,693)	(534,764)
Actuarial gains on defined benefit pension schemes	26	-	506,000	-	506,000	1,434,000
NET MOVEMENT IN FUNDS		15,410	174,105	196,792	386,307	899,236
RECONCILIATION OF FUNDS:						
Total funds brought forward		241,324	(4,204,614)	13,136,028	9,172,738	8,273,502
TOTAL FUNDS CARRIED FORWARD		256,734	(4,030,509)	13,332,820	9,559,045	9,172,738

The notes on pages 26 to 54 form part of these financial statements.

TUDHOE LEARNING TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08270151

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Intangible assets	16		-		1,973
Tangible assets	17		13,163,578		13,012,889
			<u>13,163,578</u>		<u>13,014,862</u>
CURRENT ASSETS					
Stocks	18	20,484		20,033	
Debtors	19	422,905		320,500	
Cash at bank and in hand		1,053,940		1,067,879	
			<u>1,497,329</u>	<u>1,408,412</u>	
CREDITORS: amounts falling due within one year	20		<u>(811,050)</u>	<u>(805,290)</u>	
NET CURRENT ASSETS			<u>686,279</u>		<u>603,122</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,849,857</u>		<u>13,617,984</u>
CREDITORS: amounts falling due after more than one year	21		<u>(22,812)</u>		<u>(4,246)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>13,827,045</u>		<u>13,613,738</u>
Defined benefit pension scheme liability	26		<u>(4,268,000)</u>		<u>(4,441,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,559,045</u>		<u>9,172,738</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	22	237,491		236,386	
Restricted fixed asset funds	22	13,332,820		13,136,028	
			<u>13,570,311</u>	<u>13,372,414</u>	
Restricted income funds excluding pension liability			<u>13,570,311</u>	<u>13,372,414</u>	
Pension reserve			<u>(4,268,000)</u>	<u>(4,441,000)</u>	
Total restricted income funds			<u>9,302,311</u>		<u>8,931,414</u>
Unrestricted income funds	22		<u>256,734</u>		<u>241,324</u>
TOTAL FUNDS			<u>9,559,045</u>		<u>9,172,738</u>

TUDHOE LEARNING TRUST
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BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 22 to 54 were approved by the Directors, and authorised for issue, on and are signed on their behalf, by:



I Whitfield
Chair

TUDHOE LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	24	<u>4,519</u>	<u>(5,284)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		748	905
Purchase of tangible fixed assets		(457,350)	(388,653)
Capital grants from DfE Group		416,284	146,267
Net cash used in investing activities		<u>(40,318)</u>	<u>(241,481)</u>
Cash flows from financing activities:			
Repayments of borrowings		(4,211)	(4,176)
Cash inflows from new borrowing		26,071	-
Net cash provided by/(used in) financing activities		<u>21,860</u>	<u>(4,176)</u>
Change in cash and cash equivalents in the year		<u>(13,939)</u>	<u>(250,941)</u>
Cash and cash equivalents brought forward		<u>1,067,879</u>	<u>1,318,820</u>
Cash and cash equivalents carried forward		<u><u>1,053,940</u></u>	<u><u>1,067,879</u></u>

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 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 Directors.

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 Group.

1.3 Income

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

TUDHOE LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure on raising funds 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.

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

1.5 Going concern

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful life on the following basis:

Computer licences	-	5 years straight line
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TUDHOE LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	125 years straight line
Furniture and equipment	-	10 years straight line
Computer equipment	-	5 years straight line
Leasehold improvements	-	10 -30 years straight line

1.8 Stocks

Stocks are valued at cost and are resources purchased in the summer term for use in the 2018-19 year.

1.9 Taxation

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

1.10 Debtors

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

TUDHOE LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 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 19. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 20 and 21. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. COMPANY STATUS

The Trust is a company limited by guarantee registered in England and Wales. The members of the company are named on page . In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £1 per member of the Trust.

The registered address is:

Tudhoe Colliery Primary School
Front Street
Tudhoe
Spennymoor
Durham
DL16 6TJ

TUDHOE LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	21,771	-	5,052	26,823	10,214
Capital grants	-	-	416,284	416,284	146,266
	<u>21,771</u>	<u>-</u>	<u>421,336</u>	<u>443,107</u>	<u>156,480</u>
<i>Total 2017</i>	<u>10,213</u>	<u>-</u>	<u>146,267</u>	<u>156,480</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant	-	6,764,305	6,764,305	6,843,467
Pupil premium	-	948,932	948,932	934,008
Universal free school meals	-	146,615	146,615	140,934
Apprentice grant	-	1,000	1,000	4,500
	-	7,860,852	7,860,852	7,922,909
Other government grants				
Pupil Premium from Local Authority	-	27,374	27,374	18,175
Funding for higher educational needs	-	105,626	105,626	119,216
Early year's funding	-	300,294	300,294	349,252
Area Budget grant	-	-	-	14,000
Other	-	-	-	180
Home office humanitarian funding	-	9,000	9,000	-
Growth fund	-	-	-	21,561
	-	442,294	442,294	522,384
Other funding				
Big Lottery	-	-	-	21,849
Other grant funding	-	15,890	15,890	-
	-	15,890	15,890	21,849
	-	8,319,036	8,319,036	8,467,142
<i>Total 2017</i>	-	8,467,142	8,467,142	

TUDHOE LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
School fund - trips	99,499	-	99,499	103,561
Before and after school clubs	80,851	-	80,851	78,057
Other fundraising	80,894	-	80,894	87,315
Contribution towards family worker	-	4,483	4,483	12,862
Catering	99,860	-	99,860	98,283
Supply teacher insurance claims	70,220	-	70,220	30,410
	<u>431,324</u>	<u>4,483</u>	<u>435,807</u>	<u>410,488</u>
<i>Total 2017</i>	<u>397,626</u>	<u>12,862</u>	<u>410,488</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income - local cash	748	-	748	905
	<u>748</u>	<u>-</u>	<u>748</u>	<u>905</u>
<i>Total 2017</i>	<u>905</u>	<u>-</u>	<u>905</u>	

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	-	-	141,815	141,815	150,750
Activities:					
Direct costs	4,229,684	-	639,299	4,868,983	4,951,037
Support costs	3,045,848	385,881	875,864	4,307,593	4,467,892
	<u>7,275,532</u>	<u>385,881</u>	<u>1,656,978</u>	<u>9,318,391</u>	<u>9,569,779</u>
<i>Total 2017</i>	<u>7,304,124</u>	<u>427,601</u>	<u>1,838,054</u>	<u>9,569,779</u>	

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8. RAISING FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Trips and activities	24,635	-	24,635	30,982
Residential trips	84,398	-	84,398	87,447
Other costs	19,417	-	19,417	20,103
Fundraising costs	13,365	-	13,365	12,218
	<u>141,815</u>	<u>-</u>	<u>141,815</u>	<u>150,750</u>
<i>Total 2017</i>	<u>150,750</u>	<u>-</u>	<u>150,750</u>	

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9. CHARITABLE ACTIVITIES

	Total funds 2018 £	Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,315,938	3,294,419
National insurance	354,725	341,711
Pension cost	591,516	570,496
Educational supplies	579,229	653,198
Staff development	25,871	53,923
Staff absence insurance	1,704	37,290
	<u>4,868,983</u>	<u>4,951,037</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,308,987	2,296,046
National insurance	156,524	156,980
Pension cost	547,841	644,471
Depreciation	193,802	187,668
Catering	353,055	352,741
Maintenance of premises and equipment	140,686	171,750
Energy costs	95,237	97,312
Security & transport	29,431	35,362
Cleaning	21,703	27,017
Staff Absence Insurance	8,366	25,955
Rates	71,993	66,218
Insurance	49,660	52,980
Other support costs	21,440	27,462
Human resources, payroll & occupational health	23,138	43,142
Pension finance cost	107,000	105,000
ICT equipment	137,703	134,817
Governance costs (note 10)	39,055	35,187
Amortisation	1,972	7,884
	<u>4,307,593</u>	<u>4,467,992</u>
Total Academy's educational operations	<u>9,176,576</u>	<u>9,419,029</u>

In 2017, of the total expenditure on charitable activities, £129,918 was to unrestricted funds, £9,078,868 was to restricted funds and £210,243 was to restricted fixed asset funds.

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FOR THE YEAR ENDED 31 AUGUST 2018

10. EXPENDITURE ON GOVERNANCE

	2018	2017
	£	£
Accountancy fees	1,820	1,500
Auditors' remuneration	14,500	13,900
Legal and professional fees	22,735	13,769
Start up costs	-	6,018
Total	<u>39,055</u>	<u>35,187</u>

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets: - owned by the charity	195,652	187,638
Amortisation of intangible fixed assets	1,973	7,884
Accountancy fees	1,820	1,500
Auditors' remuneration	<u>14,500</u>	<u>13,900</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	5,511,034	5,466,656
Social security costs	511,248	498,691
Operating costs of defined benefit pension schemes	1,139,358	1,214,868
	7,161,640	7,180,315
Agency staff costs	61,018	103,187
Staff restructuring costs	52,874	20,622
	7,275,532	7,304,124

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

Included in staff restructuring costs are three non-statutory/non-contractual severance payments totalling £47,253 (2017: two totalling £20,622).

c. Staff numbers

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

	2018	2017
	No.	No.
Teaching staff	98	87
Admin and support	190	163
Management	1	3
	289	253

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teaching Staff	85	83
Admin and support	112	115
Management	1	3
	198	201

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. STAFF COSTS (continued)

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	5	3
In the band £70,001 - £80,000	2	3
In the band £80,001 - £90,000	3	0
In the band £110,000 - £120,000	1	1

Ten of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme. During the year ended 31 August 2018 employer's pension contributions for these staff amounted to £114,333 (2017: £81,721).

Related party transactions - Directors' remuneration and expenses

The executive headteacher and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

J Smith (Chief Executive Officer and Trustee)
Remuneration £110,000 - £120,000 (2017: £110,000 - £120,000)
Employer's pension £15,000 - £20,000 (2017: £15,000 - £20,000)
A Boustead (Staff Trustee)
Remuneration £50,000 - £55,000 (2017: £50,000 - £55,000)
Employer's pension £5,000 - £10,000 (2017: £5,000 - £10,000)

Other related party transactions involving the Trustees are set out in note 27.

e. Key management personnel

The key management personnel of the academy trust comprise the directors and company secretary as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £285,673 (2017: £261,536).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. CENTRAL SERVICES

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

- Teaching staff (including the time spent by CEO on running the Trust)
- Finance and administrative staff

The Trust charges for these services on the following basis:

These services are paid for by each school in the Trust based on a recharge of 4.6% of budgeted income.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Tudhoe Colliery Primary School	42,984	40,977
Acre Rigg Academy	57,499	59,096
Victoria Lane Academy	42,864	42,900
Stephenson Way Academy and Nursery	74,868	78,423
Dene House Primary School	64,779	64,901
Shield Row Primary School	43,908	45,805
South Hetton Primary School	50,017	49,683
	<u>376,919</u>	<u>381,785</u>
Total		

14. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2018 was £789 (2017 - £1k).

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NOTES TO THE FINANCIAL STATEMENTS
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15. DIRECTORS' REMUNERATION AND EXPENSES

The CEO and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff, and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the Trust in respect of their role as Directors.

During the year, no Directors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £396 (2017 - £NIL) were reimbursed to 1 Director (2017: NIL).

16. INTANGIBLE FIXED ASSETS

	Computer licences £
Cost	
At 1 September 2017 and 31 August 2018	39,422
Amortisation	
At 1 September 2017	37,449
Charge for the year	1,973
At 31 August 2018	39,422
Carrying amount	
At 31 August 2018	-
At 31 August 2017	1,973

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

	Long term leasehold property £	Furniture and equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost					
At 1 September 2017	12,447,000	221,114	235,804	632,084	13,536,002
Additions	-	29,875	28,641	398,834	457,350
Disposals	(112,859)	-	-	-	(112,859)
At 31 August 2018	12,334,141	250,989	264,445	1,030,918	13,880,493
Depreciation					
At 1 September 2017	322,207	68,780	109,115	23,011	523,113
Charge for the year	99,763	23,191	44,364	28,334	195,652
On disposals	(1,850)	-	-	-	(1,850)
At 31 August 2018	420,120	91,971	153,479	51,345	716,915
Net book value					
At 31 August 2018	11,914,021	159,018	110,966	979,573	13,163,578
<i>At 31 August 2017</i>	<i>12,124,793</i>	<i>152,334</i>	<i>126,689</i>	<i>609,073</i>	<i>13,012,889</i>

The academy continues to occupy the land and buildings which were used by the predecessor schools prior to conversion. These properties were gifted to the academy on conversion on a 125 year lease by Durham County Council. The council continue to own the freehold and the academy has the right to occupy the properties for a peppercorn rent. The property is shown above in longterm leasehold property and is written off over the life of the lease.

18. STOCKS

	2018 £	2017 £
School supplies	20,484	20,033

19. DEBTORS

	2018 £	2017 £
Trade debtors	5,935	13,908
VAT recoverable	135,689	36,674
Other debtors	-	28
Prepayments and accrued income	281,281	269,890
	422,905	320,500

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NOTES TO THE FINANCIAL STATEMENTS
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20. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Other loans	9,841	4,212
Trade creditors	101,725	3,770
Other taxation and social security	119,840	119,593
Other creditors	107,961	112,331
Accruals and deferred income	471,683	565,384
	811,050	805,290
	811,050	805,290
	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	102,654	102,654
Resources deferred during the year	109,852	145,779
Amounts released from previous years	(102,654)	(102,654)
Deferred income at 31 August 2018	109,852	145,779
	109,852	145,779

At the balance sheet date the Trust was holding funds received in advance in relation to grant income intended for the following academic year.

21. CREDITORS: Amounts falling due after more than one year

	2018	2017
	£	£
Other loans	22,812	4,246
	22,812	4,246

Other loans represents a loan from Durham County Council inherited on conversion of Shield Row Primary School and two Salix loans in relation to Dene House Primary School and Shield Row Primary School.

The local authority loan is repayable in installments with an interest rate of 0.825% and the Salix loans are repayable over eight years via a deduction from future development capital income.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Designated funds	-	-	-	85,511	-	85,511
General funds						
General funds	241,324	453,843	(438,433)	(85,511)	-	171,223
Total Unrestricted funds	241,324	453,843	(438,433)	-	-	256,734
Restricted funds						
General Annual Grant (GAG)	125,498	6,764,305	(6,729,061)	(16,139)	-	144,603
Start up and improvement grant	110,888	-	(20,000)	(1,000)	-	89,888
Pupil premium	-	976,306	(976,306)	-	-	-
Higher educational needs	-	105,626	(105,626)	-	-	-
Early years funding	-	300,294	(300,294)	-	-	-
Universal free school meals	-	146,615	(146,615)	-	-	-
Other restricted funds	-	30,373	(27,373)	-	-	3,000
Pension reserve	(4,441,000)	-	(333,000)	-	506,000	(4,268,000)
	(4,204,614)	8,323,519	(8,638,275)	(17,139)	506,000	(4,030,509)
Restricted fixed asset funds						
Capital funds on conversion	11,331,886	-	(114,216)	-	-	11,217,670
Other capital funds	1,643,384	421,336	(98,029)	(4,052)	-	1,962,639
Capital expenditure from GAG	160,758	-	(29,438)	21,191	-	152,511
	13,136,028	421,336	(241,683)	17,139	-	13,332,820
Total restricted funds	8,931,414	8,744,855	(8,879,958)	-	506,000	9,302,311
Total of funds	9,172,738	9,198,698	(9,318,391)	-	506,000	9,559,045

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

The Trust has made the decision to self insure this year and each school has paid into a central pot for staff absence insurance. This is represented by a designated fund of £53,015.

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22. STATEMENT OF FUNDS (continued)

The Trust is also holding funds for payment of the pension deficit. The payments for this have been set for three years and were higher in year 1 and will be lower in years 2 and 3. The Trust have calculated an average over the 3 year period and have invoiced each of the schools the same amount for each of the three years. The difference of £32,495 is therefore held on designated funds.

General annual grant - this is the money provided to the academy for normal school running costs and the carry forward amount is included within the 2018-2019 budget for expenditure in that year.

The start up and improvement grants brought forward were additional funding supplied upon conversion for help with the costs of conversion and for the improvement of the schools.

Pupil premium is based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants in classrooms and extra resources.

The funding for Higher Educational Needs and Early Years has been spent on additional staffing in these areas.

The funding for Free School Meals has been spend on providing these meals.

Other capital funds are central government and local authority funds received for the purchase of capital equipment and expenditure on repairs projects. The amount carried forward represents assets purchased in the period at their net book value and funding yet to be spent.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Tudhoe Colliery Primary School	62,576	60,180
Acre Rigg Academy	148,955	119,529
Victoria Lane Academy	17,657	24,778
Stephenson Way Academy and Nursery	50,076	52,386
Dene House Primary School	2,103	7,977
Shield Row Primary School	(52,359)	(43,889)
South Hetton Primary School	47,480	81,461
Trust	217,737	175,288
Total before fixed asset fund and pension reserve	494,225	477,710
Restricted fixed asset fund	13,332,820	13,136,028
Pension reserve	(4,268,000)	(4,441,000)
Total	9,559,045	9,172,738

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**NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Shield Row Primary School	52,359

The deficit arose in a prior year and has increased in the current year.

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

The Trust is holding £34,352 on a development grant for Shield Row and this will be used to offset the deficit. The Trust has also set a surplus budget for the next academic year on Shield Row, further reducing the deficit in the next year.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Tudhoe Colliery Primary School	427,860	250,658	84,197	179,376	942,091	944,518
Acre Rigg Academy	669,252	290,497	102,007	202,939	1,264,695	1,331,742
Victoria Lane Academy	407,723	355,121	66,104	143,472	972,420	905,912
Stephenson Way Academy and Nursery	888,908	534,433	88,589	216,898	1,728,828	1,756,798
Dene House Primary School	708,365	527,149	60,296	157,779	1,453,589	1,435,244
Shield Row Primary School	494,305	271,013	67,286	121,547	954,151	1,030,699
South Hetton Primary School	514,458	368,389	70,449	175,854	1,129,150	1,101,648
Trust	151,308	523,091	40,300	(37,008)	677,691	867,663
	<u>4,262,179</u>	<u>3,120,351</u>	<u>579,228</u>	<u>1,160,857</u>	<u>9,122,615</u>	<u>9,374,224</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2017</i>
	£	£	£	£	£	£
General funds						
General funds	113,248	408,744	(280,668)	-	-	241,324
Restricted funds						
General Annual Grant (GAG)	168,830	6,843,469	(6,828,714)	(58,087)	-	125,498
Start up and improvement grant	192,147	-	(81,259)	-	-	110,888
Development grants	80,483	-	(80,483)	-	-	-
Pupil Premium	-	952,183	(952,183)	-	-	-
Primary care trust family worker	-	12,862	(12,862)	-	-	-
Higher educational needs	4,642	119,215	(124,057)	-	-	-
Early years funding	-	349,252	(349,252)	-	-	-
Growth fund	-	21,560	(21,560)	-	-	-
Universal free school meals	-	140,934	(140,934)	-	-	-
Apprentice Grant	-	4,500	(4,500)	-	-	-
Area budget grant	-	14,000	(14,000)	-	-	-
Big Lottery Grant	-	21,849	(18,524)	(3,325)	-	-
Other grants	-	180	(180)	-	-	-
Pension reserve	(5,425,000)	-	(450,000)	-	1,434,000	(4,441,000)
	<u>(4,978,698)</u>	<u>8,480,004</u>	<u>(9,078,508)</u>	<u>(61,412)</u>	<u>1,434,000</u>	<u>(4,204,614)</u>
Restricted fixed asset funds						
Capital funds on conversion	11,449,937	-	(118,051)	-	-	11,331,886
Other capital funds	1,557,755	146,267	(63,963)	3,325	-	1,643,384
Capital expenditure from GAG	130,900	-	(28,229)	58,087	-	160,758
	<u>13,138,592</u>	<u>146,267</u>	<u>(210,243)</u>	<u>61,412</u>	<u>-</u>	<u>13,136,028</u>
Total restricted funds	<u>8,159,894</u>	<u>8,626,271</u>	<u>(9,288,751)</u>	<u>-</u>	<u>1,434,000</u>	<u>8,931,414</u>
Total of funds	<u>8,273,142</u>	<u>9,035,015</u>	<u>(9,569,419)</u>	<u>-</u>	<u>1,434,000</u>	<u>9,172,738</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Designated funds	-	-	-	85,511	-	85,511
General funds						
General funds	113,248	862,587	(719,101)	(85,511)	-	171,223
Total Unrestricted funds	113,248	862,587	(719,101)	-	-	256,734
Restricted funds						
General Annual Grant (GAG)	168,830	13,607,774	(13,557,775)	(74,226)	-	144,603
Start up and improvement grant	192,147	-	(101,259)	(1,000)	-	89,888
Development grants	80,483	976,306	(1,056,789)	-	-	-
Pupil Premium	-	1,057,809	(1,057,809)	-	-	-
Primary care trust family worker	-	313,156	(313,156)	-	-	-
Higher educational needs	4,842	265,830	(270,672)	-	-	-
Early years funding	-	379,625	(376,625)	-	-	3,000
Growth fund	-	21,560	(21,560)	-	-	-
Universal free school meals	-	140,934	(140,934)	-	-	-
Apprentice Grant	-	4,500	(4,500)	-	-	-
Area budget grant	-	14,000	(14,000)	-	-	-
Big Lottery Grant	-	21,849	(18,524)	(3,325)	-	-
Other grants	-	180	(180)	-	-	-
Pension reserve	(5,425,000)	-	(783,000)	-	1,940,000	(4,268,000)
	(4,978,698)	16,803,523	(17,716,783)	(78,551)	1,940,000	(4,030,509)

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**NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Capital funds on conversion	11,449,937	-	(232,267)	-	-	11,217,670
Other capital funds	1,557,755	567,603	(161,992)	(727)	-	1,962,639
Capital expenditure from GAG	130,900	-	(57,667)	79,278	-	152,511
	<u>13,138,592</u>	<u>567,603</u>	<u>(451,926)</u>	<u>78,551</u>	<u>-</u>	<u>13,332,820</u>
	<u>8,159,894</u>	<u>17,371,126</u>	<u>(18,168,709)</u>	<u>-</u>	<u>1,940,000</u>	<u>9,302,311</u>
Total of funds	<u>8,273,142</u>	<u>18,233,713</u>	<u>(18,887,810)</u>	<u>-</u>	<u>1,940,000</u>	<u>9,559,045</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	13,163,578	13,163,578
Current assets	940,773	347,343	209,213	1,497,329
Creditors due within one year	(684,039)	(109,852)	(17,159)	(811,050)
Creditors due in more than one year	-	-	(22,812)	(22,812)
Provisions for liabilities and charges	-	(4,268,000)	-	(4,268,000)
	<u>256,734</u>	<u>(4,030,509)</u>	<u>13,332,820</u>	<u>9,559,045</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	1,973	1,973
Tangible fixed assets	-	-	13,012,889	13,012,889
Current assets	905,081	382,165	121,166	1,408,412
Creditors due within one year	(659,511)	(145,779)	-	(805,290)
Creditors due in more than one year	(4,246)	-	-	(4,246)
Provisions for liabilities and charges	-	(4,441,000)	-	(4,441,000)
	<u>241,324</u>	<u>(4,204,614)</u>	<u>13,136,028</u>	<u>9,172,738</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(119,693)	(534,764)
Adjustment for:		
Depreciation & amortisation charges	195,775	195,522
Dividends, interest and rents from investments	(748)	(905)
(Increase)/decrease in stocks	(451)	926
(Increase)/decrease in debtors	(102,405)	153,613
Increase/(decrease) in creditors	2,466	(123,409)
Capital grants from DfE and other capital income	(416,284)	(146,267)
Defined benefit pension scheme finance cost	333,000	450,000
Adjust creditor re fixed assets	112,859	-
Net cash provided by/(used in) operating activities	4,519	(5,284)

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,053,940	1,067,879
Total	1,053,940	1,067,879

26. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £105,446 were payable to the schemes at 31 August 2018 (2017 - 105,712) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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26. PENSION COMMITMENTS (continued)

benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £535,915 (2017 - £532,861).

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

Under the definitions set out in FRS 102, the TPS is 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 scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £493,000 (2017 - £453,000), of which employer's contributions totalled £372,000 (2017 - £334,000) and employees' contributions totalled £121,000 (2017 - £119,000). The agreed contribution rates for future years are 16.2% for employers and 5.5 to 12.5% for employees.

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

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26. PENSION COMMITMENTS (continued)

The total deficit in the Local Government Pension Scheme has decreased due to an actuarial gain in the year. Full details are shown in the notes below however in summary the movement on the the fund is:

	£
Pension deficit at 1 September 2017	(4,441,000)
Actuarial gain in year	506,000
Pension cost	(226,000)
Finance cost	(107,000)
Pension deficit at 31 August 2018	(4,268,000)
Principal actuarial assumptions:	

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %

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

	2018	2017
Retiring today		
Males	23.3	23.2
Females	25.0	24.9
Retiring in 20 years		
Males	25.5	25.4
Females	27.3	27.2

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£	£
Discount rate +0.1%	(233,000)	(221,000)
Discount rate -0.1%	239,000	227,000
Mortality assumption - 1 year increase	(257,000)	(252,000)
Mortality assumption - 1 year decrease	258,000	253,000
CPI rate +0.1%	134,000	127,000
CPI rate -0.1%	(132,000)	(125,000)

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26. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,280,470	1,972,495
Gilts	1,175,500	1,252,636
Corporate bonds	615,962	345,695
Property	319,736	288,757
Cash and other liquid assets	310,332	207,417
Total market value of assets	<u>4,702,000</u>	<u>4,067,000</u>

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(598,000)	(679,000)
Interest cost	(107,000)	(105,000)
Total	<u>(705,000)</u>	<u>(784,000)</u>
Actual return on scheme assets	<u>176,000</u>	<u>457,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	8,508,000	8,613,000
Current service cost	598,000	679,000
Interest cost	214,000	173,000
Employee contributions	121,000	119,000
Actuarial gains	(437,000)	(1,045,000)
Benefits paid	(34,000)	(31,000)
Closing defined benefit obligation	<u>8,970,000</u>	<u>8,508,000</u>

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26. PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Opening fair value of scheme assets	4,067,000	3,188,000
Interest income	107,000	68,000
Actuarial losses	69,000	389,000
Employer contributions	372,000	334,000
Employee contributions	121,000	119,000
Benefits paid	(34,000)	(31,000)
	<u>4,702,000</u>	<u>4,067,000</u>
Closing fair value of scheme assets	<u>4,702,000</u>	<u>4,067,000</u>

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain directors' remuneration and expenses already disclosed in note 15.