

TUDHOE LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	23	<u>(5,284)</u>	<u>(485,030)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		905	1,659
Purchase of tangible fixed assets		(388,653)	(373,575)
Capital grants from DfE/ESFA		146,267	561,309
Cash received on conversion		-	249,494
Net cash (used in)/provided by investing activities		<u>(241,481)</u>	<u>438,887</u>
Cash flows from financing activities:			
Repayments of borrowings		(4,176)	(4,142)
Loan received on conversion		-	16,775
Net cash (used in)/provided by financing activities		<u>(4,176)</u>	<u>12,633</u>
Change in cash and cash equivalents in the year		(250,941)	(33,510)
Cash and cash equivalents brought forward		<u>1,318,820</u>	<u>1,352,330</u>
Cash and cash equivalents carried forward		<u><u>1,067,879</u></u>	<u><u>1,318,820</u></u>

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Tudhoe Learning Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The Trust is a company limited by guarantee registered in England and Wales. The members of the company are named on page 1. 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

1.3 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 the funders where the asset acquired or created is held for a specific purpose.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 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.

1.5 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.

1.6 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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 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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1.8 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

1.9 Stocks

Stocks are valued at cost and are resources purchased in the summer term for use in the 2017-18 year.

1.10 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.11 Debtors

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

1.12 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.

1.13 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 25, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 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 18. 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 19 and 20. 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.

1.15 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 25, 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 2017. 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.

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NOTES TO THE FINANCIAL STATEMENTS
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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Funds transferred from Local Authority on conversion	-	-	-	-	4,988,718
Donations	10,213	-	-	10,213	15,960
Capital grants	-	-	146,267	146,267	561,309
Subtotal	10,213	-	146,267	156,480	577,269
	10,213	-	146,267	156,480	5,565,987
<i>Total 2016</i>	213,324	(1,277,000)	6,629,663	5,565,987	

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**NOTES TO THE FINANCIAL STATEMENTS
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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants				
General annual grant (GAG)	-	6,843,467	6,843,467	6,555,753
Pupil premium	-	934,008	934,008	985,370
Universal free school meals	-	140,934	140,934	95,173
Apprentice Grant	-	4,500	4,500	-
	-	<u>7,922,909</u>	<u>7,922,909</u>	<u>7,636,296</u>
Other government grants				
Pupil Premium from Local Authority	-	18,175	18,175	-
Funding for higher educational needs	-	119,216	119,216	110,950
Early year's funding	-	349,252	349,252	248,430
Growth fund	-	21,561	21,561	45,080
Area Budget Grant	-	14,000	14,000	-
Other grant income	-	180	180	1,000
	-	<u>522,384</u>	<u>522,384</u>	<u>405,460</u>
Other funding				
Big Lottery Grant	-	21,849	21,849	-
	-	<u>21,849</u>	<u>21,849</u>	-
	-	<u>8,467,142</u>	<u>8,467,142</u>	<u>8,041,756</u>
<i>Total 2016</i>	-	<u><u>8,041,756</u></u>	<u><u>8,041,756</u></u>	

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NOTES TO THE FINANCIAL STATEMENTS
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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
School fund - trips	103,561	-	103,561	98,312
Before and after school clubs	78,057	-	78,057	64,347
Other fundraising	87,315	-	87,315	94,024
Contributions towards family worker	-	12,862	12,862	9,070
Catering	98,283	-	98,283	110,015
Supply teacher insurance claims	30,410	-	30,410	33,489
Staff recharges	-	-	-	30,492
	<u>397,626</u>	<u>12,862</u>	<u>410,488</u>	<u>439,749</u>
<i>Total 2016</i>	<u>430,679</u>	<u>9,070</u>	<u>439,749</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest received	905	-	905	1,659
	<u>905</u>	<u>-</u>	<u>905</u>	<u>1,659</u>
<i>Total 2016</i>	<u>1,659</u>	<u>-</u>	<u>1,659</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	150,750	150,750	129,493
Activities:					
Direct costs	4,206,626	-	744,411	4,951,037	4,972,317
Support costs	3,097,498	427,601	942,893	4,467,992	3,978,572
	<u>7,304,124</u>	<u>427,601</u>	<u>1,838,054</u>	<u>9,569,779</u>	<u>9,080,382</u>
<i>Total 2016</i>	<u>6,897,349</u>	<u>410,338</u>	<u>1,772,695</u>	<u>9,080,382</u>	

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7. RAISING FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Trips and activities	30,982	-	30,982	26,094
Residential trips	87,447	-	87,447	82,915
Other costs	20,103	-	20,103	9,113
Fundraising costs	12,218	-	12,218	11,371
	<u>150,750</u>	<u>-</u>	<u>150,750</u>	<u>129,493</u>
<i>Total 2016</i>	<u>129,493</u>	<u>-</u>	<u>129,493</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. CHARITABLE ACTIVITIES

	Total funds 2017 £	<i>Total funds 2016 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,294,419	3,278,702
National insurance	341,711	290,706
Pension cost	570,496	562,324
Educational supplies	653,198	746,518
Staff development	53,923	61,545
Staff absence insurance	37,290	32,522
	<u>4,951,037</u>	<u>4,972,317</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,296,046	2,315,711
National insurance	156,980	137,036
Pension cost	644,471	312,870
Depreciation	187,668	164,140
Catering	352,741	333,162
Maintenance of premises and equipment	171,750	165,055
Energy costs	97,312	107,649
Security & transport	35,362	36,009
Cleaning	27,017	16,868
Staff Absence Insurance	25,955	22,096
Rates	66,218	64,905
Insurance	52,980	56,641
Other support costs	27,462	13,303
Human resources, payroll & occupational health	43,142	36,455
Pension finance cost	105,000	95,000
ICT equipment	134,817	67,348
Governance costs (note 9)	35,187	26,440
Amortisation	7,884	7,884
	<u>4,467,992</u>	<u>3,978,572</u>
 Total Academy's educational operations	 <u><u>9,419,029</u></u>	 <u><u>8,950,889</u></u>

In 2016, of the total expenditure on charitable activities, £625,503 was to unrestricted funds, £8,106,989 was to restricted funds and £218,397 was to restricted fixed asset funds.

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9. EXPENDITURE ON GOVERNANCE

	2017	2016
	£	£
Accountancy fees	1,500	4,854
Auditors' remuneration	13,900	14,000
Legal and professional fees	13,769	2,552
Start up costs	6,018	5,034
Total	<u>35,187</u>	<u>26,440</u>

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	187,668	164,140
Amortisation of intangible fixed assets	7,884	7,884
Accountancy fees	1,500	4,854
Auditors' remuneration	13,900	14,000
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	5,460,906	5,493,624
Social security costs	498,691	427,742
Operating costs of defined benefit pension schemes	1,214,968	875,194
	<u>7,174,565</u>	<u>6,796,560</u>
Apprenticeship levy	5,750	-
Supply teacher costs	103,187	91,415
Staff restructuring costs	20,622	9,374
	<u><u>7,304,124</u></u>	<u><u>6,897,349</u></u>

Included in staff restructuring costs are two non-statutory/non-contractual severance payments totalling £20,622 (2016: one totalling £9,374).

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

	2017	2016
	No.	No.
Teaching staff	87	88
Admin and support	163	168
Management	3	3
	<u>253</u>	<u>259</u>

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teaching Staff	83	82
Admin and support	115	115
Management	3	3
	<u>201</u>	<u>200</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	3	4
In the band £70,001 - £80,000	3	2
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	0

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11. STAFF COSTS (continued)

Six 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 2016 employer's pension contributions for these staff amounted to £81,721 (2016: £80,143).

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 £261,536 (2016: £247,865).

12. 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:

	2017	2016
	£	£
Tudhoe Colliery Primary School	40,977	39,080
Acre Rigg Academy	59,096	56,603
Victoria Lane Academy	42,900	39,600
Stephenson Way Academy and Nursery	78,423	75,304
Dene House Primary School	64,901	62,292
Shield Row Primary School	45,805	45,024
South Hetton Primary School	49,683	49,824
Total	<u>381,785</u>	<u>367,727</u>

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13. 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. The value of Directors' remuneration fell within the following bands:

During the year, no Directors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no directors received any reimbursement of expenses (2016 - £NIL).

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 £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1k (2016 - £1k).

15. INTANGIBLE FIXED ASSETS

	Computer licences £
Cost	
At 1 September 2016 and 31 August 2017	39,422
Amortisation	
At 1 September 2016	29,565
Charge for the year	7,884
At 31 August 2017	37,449
Carrying amount	
At 31 August 2017	1,973
<i>At 31 August 2016</i>	9,857

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NOTES TO THE FINANCIAL STATEMENTS
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16. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Furniture and equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost					
At 1 September 2016	12,447,000	214,355	186,956	299,038	13,147,349
Additions	-	6,759	48,848	333,046	388,653
At 31 August 2017	<u>12,447,000</u>	<u>221,114</u>	<u>235,804</u>	<u>632,084</u>	<u>13,536,002</u>
Depreciation					
At 1 September 2016	222,444	47,080	64,486	1,465	335,475
Charge for the year	99,763	21,700	44,629	21,546	187,638
At 31 August 2017	<u>322,207</u>	<u>68,780</u>	<u>109,115</u>	<u>23,011</u>	<u>523,113</u>
Net book value					
At 31 August 2017	<u>12,124,793</u>	<u>152,334</u>	<u>126,689</u>	<u>609,073</u>	<u>13,012,889</u>
At 31 August 2016	<u>12,224,556</u>	<u>167,275</u>	<u>122,470</u>	<u>297,573</u>	<u>12,811,874</u>

The academy continues to occupy the land and buildings which were used by the predecessor school 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.

17. STOCKS

	2017 £	2016 £
School supplies	<u>20,033</u>	<u>20,959</u>

18. DEBTORS

	2017 £	2016 £
Trade debtors	13,908	23,365
VAT recoverable	36,674	74,911
Other debtors	28	-
Prepayments and accrued income	269,890	375,835
	<u>320,500</u>	<u>474,111</u>

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19. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Other loans	4,212	4,176
Trade creditors	3,770	11,953
Other taxation and social security	119,593	128,871
Other creditors	112,331	110,567
Accruals and deferred income	565,384	673,095
	805,290	928,662
	805,290	928,662
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	102,654	331,618
Resources deferred during the year	145,779	102,654
Amounts released from previous years	(102,654)	(331,618)
	145,779	102,654
	145,779	102,654

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

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

	2017	2016
	£	£
Other loans	4,246	8,457
	4,246	8,457

Other loans represents a loan from Durham County Council inherited on conversion of Shield Row Primary School.

This is repayable in installments with an interest rate of 0.825%.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted 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	80,843	-	(80,843)	-	-	-
Pupil premium	-	952,183	(952,183)	-	-	-
Primary Care Trust family worker	-	12,862	(12,862)	-	-	-
Higher educational needs	4,842	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>(4,978,338)</u>	<u>8,480,004</u>	<u>(9,078,868)</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>8,160,254</u>	<u>8,626,271</u>	<u>(9,289,111)</u>	<u>-</u>	<u>1,434,000</u>	<u>8,931,414</u>
Total of funds	<u><u>8,273,502</u></u>	<u><u>9,035,015</u></u>	<u><u>(9,569,779)</u></u>	<u><u>-</u></u>	<u><u>1,434,000</u></u>	<u><u>9,172,738</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2016</i>
	£	£	£	£	£	£
Unrestricted funds						
General funds	222,582	645,662	(754,996)	-	-	113,248
	<u>222,582</u>	<u>645,662</u>	<u>(754,996)</u>	<u>-</u>	<u>-</u>	<u>113,248</u>
Restricted funds						
General annual grant (GAG)	128,920	6,555,753	(6,421,876)	(93,967)	-	168,830
Start up and improvement grant	237,233	-	(45,086)	-	-	192,147
Development grants	93,639	-	(12,796)	-	-	80,843
Pupil Premium	-	985,370	(985,370)	-	-	-
Primary Care Trust Family Worker	-	9,070	(9,070)	-	-	-
Higher educational needs	-	110,950	(106,108)	-	-	4,842
Early years funding	-	248,430	(248,430)	-	-	-
Growth fund	-	45,080	(45,080)	-	-	-
Universal Free School Meals	-	95,173	(95,173)	-	-	-
Community Partnership Grant	-	1,000	(1,000)	-	-	-
Pension reserve	(1,400,000)	(1,277,000)	(137,000)	-	(2,611,000)	(5,425,000)
	<u>(940,208)</u>	<u>6,773,826</u>	<u>(8,106,989)</u>	<u>(93,967)</u>	<u>(2,611,000)</u>	<u>(4,978,338)</u>
Restricted fixed asset funds						
Capital funds on conversion	5,546,569	6,033,000	(129,632)	-	-	11,449,937
Other capital funds	1,038,572	596,663	(77,480)	-	-	1,557,755
Capital expenditure from GAG	48,218	-	(11,285)	93,967	-	130,900
	<u>6,633,359</u>	<u>6,629,663</u>	<u>(218,397)</u>	<u>93,967</u>	<u>-</u>	<u>13,138,592</u>
Total restricted funds	<u>5,693,151</u>	<u>13,403,489</u>	<u>(8,325,386)</u>	<u>-</u>	<u>(2,611,000)</u>	<u>8,160,254</u>
Total of funds	<u><u>5,915,733</u></u>	<u><u>14,049,151</u></u>	<u><u>(9,080,382)</u></u>	<u><u>-</u></u>	<u><u>(2,611,000)</u></u>	<u><u>8,273,502</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. STATEMENT OF FUNDS (continued)

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

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 2017-2018 budget for expenditure in that year. The transfer to capital represents capital assets purchased with this funding.

The start up and development 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 paid based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants within classrooms and extra resources.

The Primary Care Trust provided funding towards the salary of a family worker.

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

The funding for Free School Meals has been spent 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 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Tudhoe Colliery Primary School	60,180	38,186
Acre Rigg Academy	119,529	151,263
Victoria Lane Academy	24,778	(10,606)
Stephenson Way Academy and Nursery	52,386	151,490
Dene House Primary School	7,977	853
Shield Row Primary School	(43,889)	(42,534)
South Hetton Primary School	81,461	69,867
Trust	175,288	201,391
Total before fixed asset fund and pension reserve	<u>477,710</u>	<u>559,910</u>
Restricted fixed asset fund	13,136,028	13,138,592
Pension reserve	(4,441,000)	(5,425,000)
Total	<u><u>9,172,738</u></u>	<u><u>8,273,502</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. 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	43,889

The deficit arose in the prior year and has not been returned to a surplus in the current year.

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

The Trust is holding money on a development grant for Shield Row and this will be used to offset the deficit.

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 depreciat- ion £	Total 2017 £	<i>Total 2016 £</i>
Tudhoe Colliery Primary School	407,928	261,220	79,744	195,626	944,518	885,686
Acre Rigg Academy	652,516	287,861	129,661	261,704	1,331,742	1,309,628
Victoria Lane Academy	399,048	319,027	53,533	134,304	905,912	923,690
Stephenson Way Academy and Nursery	889,432	539,545	97,908	229,913	1,756,798	1,662,657
Dene House Primary School	689,539	514,135	78,784	152,786	1,435,244	1,444,807
Shield Row Primary School	493,759	296,843	92,920	147,177	1,030,699	1,011,526
South Hetton Primary School Trust	499,165 175,240	356,828 627,038	84,290 36,356	161,365 29,029	1,101,648 867,663	1,147,969 522,397
	<u>4,206,627</u>	<u>3,202,497</u>	<u>653,196</u>	<u>1,311,904</u>	<u>9,374,224</u>	<u>8,908,360</u>

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	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>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Intangible fixed assets	-	-	9,857	9,857
Tangible fixed assets	-	-	12,811,874	12,811,874
Current assets	125,881	1,371,148	316,861	1,813,890
Creditors due within one year	(4,176)	(924,486)	-	(928,662)
Creditors due in more than one year	(8,457)	-	-	(8,457)
Provisions for liabilities and charges	-	(5,425,000)	-	(5,425,000)
	<u>113,248</u>	<u>(4,978,338)</u>	<u>13,138,592</u>	<u>8,273,502</u>

TUDHOE LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(534,764)	4,968,769
Adjustment for:		
Depreciation charges	195,522	172,024
Dividends, interest and rents from investments	(905)	(1,659)
Decrease/(increase) in stocks	926	(809)
Decrease/(increase) in debtors	153,613	(238,521)
(Decrease)/increase in creditors	(123,409)	44,969
Capital grants from DfE and other capital income	(146,267)	(561,309)
Defined benefit pension scheme obligation inherited	-	1,277,000
Defined benefit pension scheme finance cost	450,000	137,000
Net (loss) on assets and liabilities from local authority on conversion	-	(6,282,494)
Net cash used in operating activities	(5,284)	(485,030)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,067,879	1,318,820
Total	1,067,879	1,318,820

25. 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 £105,712 were payable to the schemes at 31 August 2017 (2016 - £96,616) 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION COMMITMENTS (continued)

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

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

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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £532,861 (2016 - £511,810).

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

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

Local Government Pension Scheme

The 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 2017 was £453,000 (2016 - £431,000), of which employer's contributions totalled £334,000 (2016 - £318,000) and employees' contributions totalled £119,000 (2016 - £113,000). 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. 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 funds is:

	£
Pension deficit at 1 September 2016	(5,425,000)
Actuarial gain in year	1,434,000
Pension cost	(345,000)
Finance cost	(105,000)
Pension deficit at 31 August 2017	(4,441,000)
Principal actuarial assumptions:	

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.40 %	3.40 %
Rate of increase for pensions in payment / inflation	1.90 %	1.90 %
Inflation assumption (CPI)	1.90 %	1.90 %

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

	2017	2016
Retiring today		
Males	23.2	22.7
Females	24.9	25.2
Retiring in 20 years		
Males	25.4	24.9
Females	27.2	27.5

	At 31 August 2017	At 31 August 2016
	£	£
Sensitivity analysis		
Discount rate +0.1%	(221,000)	(213,000)
Discount rate -0.1%	227,000	219,000
Mortality assumption - 1 year increase	(252,000)	(272,000)
Mortality assumption - 1 year decrease	253,000	275,000
CPI rate +0.1%	127,000	118,000
CPI rate -0.1%	(125,000)	(116,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,972,495	1,393,156
Gilts	1,252,636	1,032,912
Corporate bonds	345,695	270,980
Property	288,757	255,040
Cash and other liquid assets	207,417	235,912
Total market value of assets	<u>4,067,000</u>	<u>3,188,000</u>

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

	2017 £	2016 £
Current service cost	(345,000)	(360,000)
Interest cost	(105,000)	(95,000)
Total	<u>(450,000)</u>	<u>(455,000)</u>
Actual return on scheme assets	<u>457,000</u>	<u>449,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	8,613,000	3,100,000
Upon conversion	-	2,030,000
Current service cost	345,000	360,000
Interest cost	173,000	194,000
Employee contributions	119,000	113,000
Actuarial (gains)/losses	(1,045,000)	2,961,000
Benefits paid	(31,000)	(145,000)
Closing defined benefit obligation	<u>8,174,000</u>	<u>8,613,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	3,188,000	1,700,000
Upon conversion	-	753,000
Interest income	68,000	99,000
Actuarial losses	389,000	350,000
Employer contributions	334,000	318,000
Employee contributions	119,000	113,000
Benefits paid	(31,000)	(145,000)
	<u>4,067,000</u>	<u>3,188,000</u>
Closing fair value of scheme assets		

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations 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 the trust has an interest. All transactions involving such organisations are conducted in accordance with the Trust's financial regulations and normal procurement procedures.

Included within repairs is £900 paid to Paul Moses Joinery, a business owned by the husband of L Moses one of the directors.

Included within educational supplies is £800 paid to Space Therapy, a business owned by L Moses.