

**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**Registered number: 08270151**

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**TUDHOE LEARNING TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS DIRECTORS AND ADVISERS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**Directors**

C Smith (appointed 26 October 2012)  
J H Smith, Principal and Accounting Officer (appointed 26 October 2012)  
I Whitfield (appointed 26 October 2012)  
J Price (appointed 26 October 2012)  
L Moses (appointed 26 October 2012)  
M Simpson (appointed 26 October 2012)  
A Boustead (appointed 26 October 2012)  
D Turner (appointed 26 October 2012)  
D Bowes (appointed 26 October 2012)

**Company registered number**

08270151

**Principal and registered office**

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

**Company secretary**

C L Bowmer

**Chief executive officer**

J H Smith

**Independent auditors**

Waltons Clark Whitehill LLP, Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX

**Bankers**

Lloyds TSB Bank Plc, 25 Gresham Street, London, EC2V 7HN

**Solicitors**

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

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**TUDHOE LEARNING TRUST**  
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**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Directors present their annual report together with the audited financial statements of Tudhoe Learning Trust (the Trust) for the period ended 31 August 2013. The Directors confirm that the Annual Report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a. CONSTITUTION**

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

The Trust is constituted under the Articles of Association dated 26 October 2012.

The principal object of the Trust is to advance, for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

**b. 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.

**c. 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 Chairman of each Local Governing Body.
- The Chief Executive Officer.
- A minimum of two Parent Directors.
- Additional Directors if appointed under Articles 61, 61 A 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.

Details of the Directors who served during the period are included in the Reference and Administration Details on page 1

**d. 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.

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**DIRECTORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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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.

**e. ORGANISATIONAL STRUCTURE**

The Trust comprises four schools - Tudhoe Colliery Primary School, Acre Rigg Academy, Victoria Lane Academy and Stephenson Way Community Primary School.

The Members oversee the workings of the Trust and ensure it meets its obligations. 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.

Each individual school has its own local governing body with the remit to run the school according to the principals of the Trust.

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

**f. RISK MANAGEMENT**

The Directors have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems and procedures are in place to mitigate the exposure to the major risks.

**g. PRINCIPAL ACTIVITIES**

The principal activities of the Trust are the operation of four schools - Tudhoe Colliery Primary School, Acre Rigg Academy, Victoria Lane Academy and Stephenson Way Community Primary School, to provide education for pupils of different abilities between the ages of 3 and 11.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

Founded in 2012, Tudhoe Learning Trust is a family of four 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.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

Due to the unique nature in which our schools came together, our main aim for the first year was always going to be to develop close working relationships between the schools. All of the schools within the family have a distinctive identity and we are very keen to nurture and develop the individuality of each of the schools rather than replicating one of the schools. The ethos of enabling all members of the individual school communities (both children and adults), to develop to the best of their ability is the common thread of the Trust that binds us all together. The main focus in all of the schools is to ensure that the standards of Teaching & Learning are the best they can possibly be.

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**DIRECTORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**c. PUBLIC BENEFIT**

The primary purpose of Tudhoe Learning Trust is to provide the highest quality of education to the communities we serve. We see our role within the schools as being integral to the community, in raising aspirations and helping local people strive for a better quality of life.

The Board of Directors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Commission.

**Achievements and performance**

**a. 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.

**b. REVIEW OF ACTIVITIES**

All 4 schools demonstrate a rise in standards over the last year. Teaching is good or better in the vast majority of lessons observed and pupil progress is good. Pupils are given a wide range of opportunities to learn and develop as individuals, with each school providing an education that is relevant and purposeful. Each of the schools are warm and welcoming environments where respect and high expectations permeate everything we do and the schools' websites reflect this.

All the schools within Tudhoe Learning Trust ensure that best value is achieved through localised control of budgets by the individual Governing Bodies and the close monitoring by the Executive Headteacher and fellow Directors. Each school is well resourced and staff to pupil ratios enable the schools to deliver a first class education. Expertise and resources are regularly shared across the Trust, consequently cutting costs and achieving best value, enabling spending to be targeted at improving Teaching & Learning.

**c. FINANCIAL REVIEW**

Most of the Trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA), 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 for the year excluding capital funds received in the period and transferred on conversion was £3,833k and expenditure excluding depreciation and the deficit on the pension scheme transferred on conversion was £3,278k, giving a surplus for the year of £555k.

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

At 31 August 2013 the net book value of fixed assets was £6,694k and the movements in the year are shown in note 15. All the assets are used exclusively for providing education and associated support services to the pupils of the Trust.

The provisions of Financial Reporting Standard No 17 Retirement Benefits have been applied resulting in at

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**DIRECTORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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deficit of £1,911k being recognised in the balance sheet.

At 31 August 2013 the Trust held fund balances of £5,380k, comprising £5,121k of restricted funds and £259k of unrestricted funds.

**d. 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 £134k had been placed on deposit.

**Financial review**

**a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Trust is subject to a number of risks and uncertainties in common with other Academies. Procedures are in place to identify and mitigate financial risks. These are discussed further below and in the Governance Statement.

**b. PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are centred around changes in the level of funding for DfE/EFA. In addition the Trust is a member of the Local Government Pension Scheme, which has resulted in the recognition of a significant deficit on the Trust's balance sheet.

In addition the Risk Audit carried out, identified and reviewed the following risk areas:

- Physical assets
- Business Continuity
- Financial
- Technological
- Third Party Liability
- Environmental
- Legal & Compliance
- Market and Sector
- Personnel
- Political

The Trust now considers that there are systems in place that mitigate any of the risks identified.

**c. 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 the 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 expenditure for each school, being approximately £357k.

The Trust currently holds unrestricted funds of £259k and General Annual Grant of £139k (see note 18).

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**DIRECTORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**Plans for the future**

**a. FUTURE DEVELOPMENTS**

In our second year of trading, we aim to continue the school improvement work we have undertaken recently, to ensure that all teaching in All the schools within Tudhoe Learning Trust is Good or Better. We will continue to develop relationships and the sharing of expertise with more events organised across the family of schools. We will also be strengthening the financial aspect of the Trust with the proposed appointment of a Business/Finance Director.

Longer term, we envisage the work of the Trust will involve supporting more schools in their development and improvement.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

This report was approved by order of the Board of Directors on 20 December 2013 and signed on its behalf by:

**I Whitfield**  
Chair



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**GOVERNANCE STATEMENT**

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**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 Principal, 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. He is 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 Directors' Responsibilities Statement. The Board of Directors has formally met 4 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
C Smith	3	4
J H Smith, Principal and Accounting Officer	4	4
I Whitfield	4	4
J Price	2	4
L Moses	2	4
M Simpson	0	4
A Boustead	4	4
D Turner	3	4
D Bowes	3	4

**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 period 1 December 2012 to 31 August 2013 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 period 1 December 2012 to 31 August 2013 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:

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**GOVERNANCE STATEMENT (continued)**

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- 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 C Smith, a Director, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On an annual basis, the RO reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The Trust has been establishing and integrating its financial procedures and controls during its first period of trading. The RO has been involved in this process and in 2012/2013 whilst the financial procedures were being established the decision was made to delegate the key control functions, on a monthly basis, to an independent third party. They were engaged to ensure that monthly reconciliations of income, payroll, bank and other control accounts were carried out and to produce monthly management accounts for each school.

The work carried out was reviewed by the RO who found that it required some areas of improvement. A plan of action has been put in place to ensure the necessary improvements are made, which will include the Trust creating a new senior management role of Business/Finance Director, and this post will be established as soon as possible in 2014.

The RO is also to carry out an agreed programme of work on a termly basis in 2013/2014

#### **REVIEW OF EFFECTIVENESS**

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

- the work of the Responsible Officer;
- 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 address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 20 December 2013 and signed on their behalf, by:

**I Whitfield**  
Director

**J H Smith**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Tudhoe Learning Trust I have considered my responsibility to notify the Trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Trust Board of Directors are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook (2012).

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

**J H Smith**  
Accounting Officer

Date: 20 December 2013

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**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Directors (who act as governors 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 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;
- 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 the EFA/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 20 December 2013 and signed on its behalf by:

**I Whitfield**  
Chair

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

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We have audited the financial statements of Tudhoe Learning Trust for the period ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement, the Directors (who are also the directors of the charitable Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable Trust's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept, or 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.

Heather O'Driscoll FCA (Senior Statutory Auditor)

for and on behalf of

**Waltons Clark Whitehill LLP**

Chartered Accountants  
Statutory Auditors

Maritime House  
Harbour Walk  
The Marina  
Hartlepool  
TS24 0UX  
20 December 2013

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO TUDHOE  
LEARNING TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 7 June 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tudhoe Learning Trust during the period 1 December 2012 to 31 August 2013 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 EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tudhoe Learning Trust and the EFA, 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 AUDITORS**

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 2012, 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 2013. 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 period 1 December 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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**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 period 1 December 2012 to 31 August 2013 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 (Senior Statutory Auditor)

for and on behalf of

**Waltons Clark Whitehill LLP**

Chartered Accountants  
Statutory Auditors

Maritime House  
Harbour Walk  
The Marina  
Hartlepool  
TS24 0UX

20 December 2013



**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Funds transferred from Local Authority on conversion	2	234,838	103,374	6,804,030	7,142,242
Other voluntary income	2	9,953	-	-	9,953
Activities for generating funds	3	86,724	-	-	86,724
Investment income	4	419	-	-	419
Incoming resources from charitable activities	5	-	3,398,303	25,597	3,423,900
<b>TOTAL INCOMING RESOURCES</b>		<b>331,934</b>	<b>3,501,677</b>	<b>6,829,627</b>	<b>10,663,238</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Costs of generating voluntary income	8	33,015	-	-	33,015
Charitable activities		-	3,191,514	156,891	3,348,405
Governance costs	9	-	53,530	-	53,530
Other resources expended	10	-	1,476,000	-	1,476,000
<b>TOTAL RESOURCES EXPENDED</b>	6	<b>33,015</b>	<b>4,721,044</b>	<b>156,891</b>	<b>4,910,950</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>					
		<b>298,919</b>	<b>(1,219,367)</b>	<b>6,672,736</b>	<b>5,752,288</b>
Transfers between Funds	18	(40,000)	(39,360)	79,360	-
<b>NET INCOME FOR THE YEAR</b>		<b>258,919</b>	<b>(1,258,727)</b>	<b>6,752,096</b>	<b>5,752,288</b>
Actuarial gains and losses on defined benefit pension schemes		-	(372,000)	-	(372,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>258,919</b>	<b>(1,630,727)</b>	<b>6,752,096</b>	<b>5,380,288</b>
<i>Total funds at 1 December 2012</i>		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>258,919</b>	<b>(1,630,727)</b>	<b>6,752,096</b>	<b>5,380,288</b>

All of the Trust's activities derive from acquisitions in the current financial period.

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

The notes on pages 18 to 38 form part of these financial statements.

**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08270151**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	14		6,693,854
<b>CURRENT ASSETS</b>			
Stocks	15	20,149	
Debtors	16	97,310	
Cash at bank		945,138	
		1,062,597	
<b>CREDITORS:</b> amounts falling due within one year	17	(465,163)	
		597,434	
<b>NET CURRENT ASSETS</b>			
			7,291,288
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,291,288
Defined benefit pension scheme liability	25		(1,911,000)
			5,380,288
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	18	280,273	
Restricted fixed asset funds	18	6,752,096	
		7,032,369	
Restricted funds excluding pension liability		7,032,369	
Pension reserve		(1,911,000)	
		5,121,369	
Total restricted funds			5,121,369
Unrestricted funds	18		258,919
			5,380,288
<b>TOTAL FUNDS</b>			
			5,380,288

The financial statements were approved by the Directors, and authorised for issue, on 20 December 2013 and are signed on their behalf, by:

**I Whitfield**  
Chair

The notes on pages 18 to 38 form part of these financial statements.

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	Note	2013 £
Net cash flow from operating activities	20	601,615
Returns on investments and servicing of finance	21	419
Capital expenditure and financial investment	21	(24,148)
Cash transferred on conversion to an academy trust	23	367,252
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>945,138</b>

All of the cash flows are derived from acquisitions in the current financial period.

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	2013 £
Increase in cash in the period	945,138
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>945,138</b>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>945,138</b>

The notes on pages 18 to 38 form part of these financial statements.

**STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Net movement in funds for the year	258,919	(1,630,727)	6,752,096	5,380,288
Resources used for net acquisitions of tangible fixed assets	-	-	(6,693,854)	(6,693,854)
<b>NET MOVEMENT IN FUNDS AVAILABLE FOR FUTURE ACTIVITIES</b>	<b>258,919</b>	<b>(1,630,727)</b>	<b>58,242</b>	<b>(1,313,566)</b>

The notes on pages 18 to 38 form part of these financial statements.

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**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards 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 Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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 there is certainty of receipt and the amount can be reliably measured.

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**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Trust's educational operations.

Governance costs include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**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 one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those 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

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**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Stocks**

Stocks are valued at cost and are resources purchased in the summer term for use in the 2013-14 year.

**1.8 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.

**1.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Tudhoe Colliery Primary School, Victoria Lane Primary School, Stephenson Way Primary School and Acre Rigg Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Tudhoe Learning Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

**2. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Funds transferred from Local Authority on conversion	234,838	6,907,404	7,142,242
Donations	9,953	-	9,953
Voluntary income	<u>244,791</u>	<u>6,907,404</u>	<u>7,152,195</u>

**3. FUNDRAISING INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
School fund - trips	45,922	-	45,922
Before and after school clubs	13,005	-	13,005
Other fundraising	17,261	-	17,261
Contributions towards family worker	10,536	-	10,536
	<u>86,724</u>	<u>-</u>	<u>86,724</u>

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Bank interest received	419	-	419
	<u>419</u>	<u>-</u>	<u>419</u>

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>DfE/EFA grants</b>			
General annual grant (GAG)	-	2,876,502	2,876,502
Pupil premium	-	152,639	152,639
Start up grant	-	100,000	100,000
Development grant	-	120,000	120,000
Capital grants	-	25,597	25,597
	<u>-</u>	<u>3,274,738</u>	<u>3,274,738</u>
<b>Other government grants</b>			
Family worker funding	-	8,000	8,000
Funding for higher educational needs	-	93,107	93,107
Early year's funding	-	48,055	48,055
	<u>-</u>	<u>149,162</u>	<u>149,162</u>
	<u>-</u>	<u>3,423,900</u>	<u>3,423,900</u>
	<u><u>-</u></u>	<u><u>3,423,900</u></u>	<u><u>3,423,900</u></u>



**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Costs of generating voluntary income	-	-	33,015	33,015
<b>Costs of generating funds</b>	<b>-</b>	<b>-</b>	<b>33,015</b>	<b>33,015</b>
<b>Academy's educational operations:</b>				
Direct costs	2,263,728	-	309,586	2,573,314
Support costs	308,443	156,891	309,757	775,091
Subtotal charitable activities	2,572,171	156,891	619,343	3,348,405
<b>Governance</b>	<b>11,600</b>	<b>-</b>	<b>41,930</b>	<b>53,530</b>
<b>Other resources expended</b>	<b>-</b>	<b>-</b>	<b>1,476,000</b>	<b>1,476,000</b>
	<b>2,583,771</b>	<b>156,891</b>	<b>2,170,288</b>	<b>4,910,950</b>

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>DIRECT COSTS</b>			
Wages and salaries	-	1,879,866	1,879,866
National insurance	-	149,417	149,417
Pension cost	-	234,445	234,445
Educational supplies	-	265,407	265,407
Staff development	-	17,208	17,208
Staff absence insurance	-	26,971	26,971
	<u>-</u>	<u>2,573,314</u>	<u>2,573,314</u>
<b>SUPPORT COSTS</b>			
Wages and salaries	-	254,757	254,757
National insurance	-	8,338	8,338
Pension cost	-	45,348	45,348
Depreciation	-	156,891	156,891
Catering	-	37,514	37,514
Maintenance of premises and equipment	-	22,953	22,953
Energy costs	-	83,261	83,261
Security & transport	-	3,884	3,884
Cleaning	-	6,887	6,887
Rates	-	6,230	6,230
Insurance	-	94,546	94,546
Other support costs	-	11,482	11,482
Pension finance cost	-	43,000	43,000
	<u>-</u>	<u>775,091</u>	<u>775,091</u>
	<u>-</u>	<u>3,348,405</u>	<u>3,348,405</u>

**8. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Trips and activities	10,909	-	10,909
Residential trips	8,928	-	8,928
Other costs	9,680	-	9,680
Fundraising costs	3,498	-	3,498
	<u>33,015</u>	<u>-</u>	<u>33,015</u>

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**9. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Accountancy fees	-	4,450	4,450
Auditors' remuneration	-	4,000	4,000
Legal and professional fees	-	32,361	32,361
Academy set up costs	-	1,119	1,119
Wages and salaries	-	11,600	11,600
	<u>-</u>	<u>53,530</u>	<u>53,530</u>

**10. OTHER RESOURCES EXPENDED**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Pension deficit inherited on conversion	-	1,476,000	1,476,000
	<u>-</u>	<u>1,476,000</u>	<u>1,476,000</u>

**11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	2013 £
Depreciation of tangible fixed assets: - owned by the charity	156,891
Auditors' remuneration	4,000
Accountancy fees	4,450
	<u>165,341</u>

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**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**12. STAFF COSTS**

Staff costs were as follows:

	<b>2013</b>
	<b>£</b>
Wages and salaries	<b>2,146,223</b>
Social security costs	<b>157,755</b>
Other pension costs (Note 25)	<b>279,793</b>
	<hr/>
	<b>2,583,771</b>
	<hr/> <hr/>

The average number of persons (including the senior management team) employed by the Trust during the period expressed as full time equivalents was as follows:

	<b>2013</b>
	<b>No.</b>
Teaching staff	<b>44</b>
Admin and support	<b>59</b>
	<hr/>
	<b>103</b>
	<hr/> <hr/>

The number of employees whose emoluments fell within the following bands was:

	<b>2013</b>
	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>
	<hr/> <hr/>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for this member of staff amounted to £8,912.

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**13. DIRECTORS' REMUNERATION AND EXPENSES**

During the period retirement benefits were accruing to 3 Directors in respect of defined benefit pension schemes.

The Principal 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 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:

	<b>2013</b> <b>£'000</b>
Mr J Smith (Executive Head and Director)	<b>60-65</b>
Miss J Price (Staff Director)	<b>25-30</b>
Miss A Boustead (Staff Director)	<b>30-35</b>

During the period, no Directors received any benefits in kind.

During the period, no Directors received any reimbursement of expenses.

**14. TANGIBLE FIXED ASSETS**

	<b>Long term leasehold property</b> £	<b>Furniture and equipment</b> £	<b>Computer equipment</b> £	<b>Total</b> £
<b>Cost</b>				
Additions	-	9,260	40,485	49,745
Transfer on conversion	5,584,000	837,000	380,000	6,801,000
At 31 August 2013	5,584,000	846,260	420,485	6,850,745
<b>Depreciation</b>				
Charge for the period	30,936	63,007	62,948	156,891
At 31 August 2013	30,936	63,007	62,948	156,891
<b>Net book value</b>				
At 31 August 2013	5,553,064	783,253	357,537	6,693,854

Included in land and buildings is freehold land at cost of £428,000 which is not depreciated.

**15. STOCKS**

	<b>2013</b> <b>£</b>
School supplies	<b>20,149</b>

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**TUDHOE LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**16. DEBTORS**

	2013 £
Other debtors	19,799
Prepayments and accrued income	77,511
	<hr/>
	<b>97,310</b>
	<hr/> <hr/>

**17. CREDITORS:**  
**Amounts falling due within one year**

	2013 £
Trade creditors	750
Other taxation and social security	45,542
Other creditors	85,283
Accruals and deferred income	333,588
	<hr/>
	<b>465,163</b>
	<hr/> <hr/>
	£
<b>Deferred income</b>	
Resources deferred during the year	<b>31,832</b>
	<hr/> <hr/>

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

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General funds	-	331,934	(33,015)	(40,000)	-	258,919
<b>Restricted funds</b>						
General annual grant (GAG)	-	2,876,503	(2,737,396)	-	-	139,107
Start up grant	-	100,000	(45,960)	(39,360)	-	14,680
Development grants	-	120,000	-	-	-	120,000
Pupil premium	-	152,639	(152,639)	-	-	-
Equal pay funding	-	103,374	(103,374)	-	-	-
Primary Care Trust family worker	-	8,000	(3,334)	-	-	4,666
Higher educational needs	-	93,106	(91,286)	-	-	1,820
Early years funding	-	48,055	(48,055)	-	-	-
Pension reserve	-	-	(1,539,000)	-	(372,000)	(1,911,000)
	-	3,501,677	(4,721,044)	(39,360)	(372,000)	(1,630,727)
<b>Restricted fixed asset funds</b>						
Capital transferred on conversion	-	6,801,000	(150,711)	-	-	6,650,289
Other capital grants	-	28,627	(6,180)	79,360	-	101,807
	-	6,829,627	(156,891)	79,360	-	6,752,096
Total restricted funds	-	10,331,304	(4,877,935)	40,000	(372,000)	5,121,369
Total of funds	-	10,663,238	(4,910,950)	-	(372,000)	5,380,288

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 2013-2014 budget for expenditure in that year.

The start up and development grants were additional funding supplied upon conversion for help with the costs of conversion and for the improvement of Acre Rigg, Victoria Lane and Stephenson Way. These funds remain unspent at the year end.

**TUDHOE LEARNING TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**18. STATEMENT OF FUNDS (continued)**

The 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. A portion of this funding was for the period to April 2014 and has been carried forward for expenditure in the next financial year.

The capital transferred on conversion represents the land and buildings and other assets transferred to the school at nil consideration from Durham County Council upon conversion to an Academy. This fund is being depreciated in line with the assets represented.

Other capital grants are government 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.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2013 were allocated as follows:

Tudhoe Colliery Primary School	67,872
Acre Rigg Academy	88,390
Victoria Lane Academy	73,757
Stephenson Way Community Primary School	174,493
Central Services	134,680
	<hr/>
Total before fixed asset fund and pension reserve	539,192
Restricted fixed asset fund	6,752,096
Pension reserve	(1,911,000)
	<hr/>
Total	5,380,288
	<hr/> <hr/>

**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 £
Tudhoe Colliery Primary School	372,248	79,669	39,936	106,998	598,851
Acre Rigg Academy	563,648	63,025	82,473	99,271	808,417
Victoria Lane Academy	481,696	66,562	62,908	83,842	695,008
Stephenson Way Community Primary School	846,136	90,787	80,090	95,770	1,112,783
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,263,728	300,043	265,407	385,881	3,215,059
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**TUDHOE LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	6,693,854	6,693,854
Current assets	284,929	719,426	58,242	1,062,597
Creditors due within one year	(26,010)	(439,153)	-	(465,163)
Provisions for liabilities and charges	-	(1,911,000)	-	(1,911,000)
	<u>258,919</u>	<u>(1,630,727)</u>	<u>6,752,096</u>	<u>5,380,288</u>

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £
Net incoming resources before revaluations	5,752,288
Returns on investments and servicing of finance	(419)
Assets inherited on conversion	(7,142,242)
Depreciation of tangible fixed assets	156,891
Capital grants from DfE	(25,597)
Increase in stocks	(20,149)
Increase in debtors	(97,310)
Increase in creditors	439,153
Pension deficit inherited on conversion from Local Authority	1,476,000
FRS 17 adjustments	63,000
<b>Net cash inflow from operations</b>	<u><u>601,615</u></u>

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u><u>419</u></u>

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**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(49,745)
Capital grants from DfE	25,597
	(24,148)
<b>Net cash outflow capital expenditure</b>	(24,148)

All of the cash flows are derived from acquisitions in the current financial period.

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	1 December 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	-	945,138	-	945,138
<b>Net funds</b>	-	945,138	-	945,138

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**23. CONVERSION TO AN ACADEMY TRUST**

On 1 December 2012 Tudhoe Colliery Primary School, Acre Rigg Primary School, Victoria Lane Primary School and Stephenson Way Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Tudhoe Learning Trust from Durham County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

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

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Restricted fixed asset funds £</b>	<b>Total funds £</b>
Tangible fixed assets				
Leasehold land and buildings	-	-	5,584,000	5,584,000
- Other tangible fixed assets	-	-	1,217,000	1,217,000
Budget surplus/(deficit) on LA funds	234,838	103,374	3,030	341,242
LGPS pension surplus/(deficit)	-	(1,476,000)	-	(1,476,000)
Net assets/(liabilities)	<u>234,838</u>	<u>(1,372,626)</u>	<u>6,804,030</u>	<u>5,666,242</u>

The above net assets/liabilities include £367,252 that was transferred as cash.

**24. CONTINGENT LIABILITIES**

A potential liability of £60,000 exists in relation to funds transferred on conversion. The liability is being disputed by the Trust and therefore no provision has been made.

**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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £25,747 to the TPS and £11,904 to the LGPS were payable at 31 August 2013 and are included within creditors.

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**25. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on

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**25. PENSION COMMITMENTS (continued)**

the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has taken advantage of the exemption in FRS 17 and 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 period ended 31 August 2013 was £148,400, of which employer's contributions totalled £104,400 and employees' contributions totalled £44,000. The agreed contribution rates for future years are 15% for employers and 5.5 to 7.5% for employees.

As described in note 23 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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**25. PENSION COMMITMENTS (continued)**

The scheme is currently in deficit and under the recovery plan the Trust is required to make additional monthly payments up to 30 November 2013 of £5,866, followed by monthly contributions to 31 March 2014 of £6,125. Monthly contributions are then forecast to increase by 4.4% pa for the rest of the 19 year recovery period. The deficit funding will be reassessed after the next actuarial valuation which is due at 31 March 2013.

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>
Equities	7.90	640,666
Government bonds	3.40	336,560
Property	7.40	84,140
Corporate bonds	4.10	112,988
Cash	0.09	27,646
Total market value of assets		<u>1,202,000</u>
Surplus in the scheme		<u><u>1,202,000</u></u>

The amounts recognised in the Balance Sheet are as follows:

	<b>2013 £</b>
Present value of funded obligations	(3,113,000)
Fair value of scheme assets	<u>1,202,000</u>
Net liability	<u><u>(1,911,000)</u></u>

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

	<b>2013 £</b>
Current service cost	(124,000)
Interest cost	42,000
Total	<u><u>(82,000)</u></u>
Actual return on scheme assets	<u><u>77,000</u></u>

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**25. PENSION COMMITMENTS (continued)**

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

	2013 £
Current service cost	124,000
Contributions by scheme participants	44,000
Actuarial losses	407,000
Interest cost	85,000
Benefits paid	(2,000)
Obligation transferred from local authority	2,455,000
	3,113,000
	3,113,000

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

	2013 £
Actuarial gains and (losses)	35,000
Contributions by employer	104,000
Contributions by employees	44,000
Benefits paid	(2,000)
Fair value on transfer from local authority	979,000
Expected return on assets	42,000
	1,202,000
	1,202,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £372,000.

The Trust expects to contribute £NIL to its Defined Benefit Pension Scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013
Equities	53.30 %
Government bonds	28.00 %
Corporate bonds	9.40 %
Property	7.00 %
Cash	2.30 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2013
Discount rate for scheme liabilities	4.50 %
Expected return on scheme assets at 31 August	6.10 %
Rate of increase in salaries	4.70 %
Rate of increase for pensions in payment / inflation	2.80 %
Inflation assumption (CPI)	2.80 %

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**25. PENSION COMMITMENTS (continued)**

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

	<b>2013</b>
Retiring today	
Males	<b>22.1</b>
Females	<b>24.3</b>
Retiring in 20 years	
Males	<b>23.9</b>
Females	<b>26.2</b>

Amounts for the current period are as follows:

Defined benefit pension schemes

	<b>2013</b>
	<b>£</b>
Defined benefit obligation	<b>(3,113,000)</b>
Scheme assets	<b>1,202,000</b>
Deficit	<b>(1,911,000)</b>
Experience adjustments on scheme liabilities	<b>(407,000)</b>
Experience adjustments on scheme assets	<b>35,000</b>

**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 a directors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Durham County Council (DCC), a local government body, provided services totaling £136,975 to the Trust in the form of service level agreements to the schools.

The Trust received £141,162 from DCC in respect of other grants. At 31 August 2013 the Trust owed DCC £95,664 in respect of service level agreements and grants over paid.

The Trust received £8,000 from the Primary Care Trust, a government body, in respect of income towards a family worker. There were no amounts outstanding at 31 August 2013.

**27. ACCOUNTING PERIOD**

The accounts have been prepared from the date of incorporation, 26 October 2012, to 31 August 2013.