

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014

Members

J V Graham
J M Kenny
G Norman

Directors

C Smith (resigned 16 May 2014)
J H Smith, Principal and Accounting Officer
I Whitfield
J Price
L Moses
M Simpson
A Boustead
D Turner
D Bowes
S I Palmerly (appointed 16 May 2014)

Company registered number

08270151

Principal and registered office

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

Company secretary

C L Bowmer (resigned 16 May 2014)
G Pigott (appointed 16 May 2014)

Chief executive officer

J H Smith

Independent auditors

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

Bankers

Lloyds TSB Bank Plc, 19 Market Place, Durham, DH1 3NL

Solicitors

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

TUDHOE LEARNING TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Directors present their annual report together with the audited financial statements of Tudhoe Learning Trust (the Trust) for the ended 31 August 2014. 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.

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

Structure, governance and management

● **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.

● **MEMBERS' LIABILITY**

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

● **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS**

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

The membership of the Board is as follows:

- Up to three Directors appointed by the Members.
- Staff Directors appointed by the Members provided the total number of Directors who are employees does not exceed one third of the total number of Directors.
- The 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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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

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

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

● **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 (CEO) 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.

● **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.

● **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

● **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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

● **OBJECTIVES, STRATEGIES AND ACTIVITIES**

Following the four successful Ofsted inspections between March and June 2014, Tudhoe Learning Trust has appointed a Director of Business, Finance and Development to assist the CEO in the strategic work of the Trust, which will include:

- Developing the capacity and skills within the Trust
- Economic efficiencies across the Trust
- Developing business opportunities across the Trust which will include supporting other schools and training
- Working strategically with the DfE and RSC to develop our multi academy Trust by sponsoring other schools needing support

● **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 2011 to have due regard to public benefit guidance published by the Commission.

Strategic Report

● **ACHIEVEMENTS AND PERFORMANCE**

Following our recent Ofsted inspections of all schools, with judgments of 1 Outstanding and 3 Goods, the Trust continues to go from strength to strength. With teaching judged to be solidly good or better across the Trust and the impact of the Trust praised in each of the reports, the TLT has demonstrated that it has the credibility and capacity to sponsor further schools within the forthcoming years. Cross school working, sharing expertise and training, as well as centralised purchasing and business development are becoming progressively more important.

● **KEY PERFORMANCE INDICATORS**

Attainment in line or above national across the Trust.
Progress in line or above national across the Trust.
Four successful Ofsted inspections achieving Outstanding or Good.
To set a balanced budget and to not overspend within the year.

● **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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

● **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 was £4,687k and expenditure was £4,727k, giving a deficit of £40k.

The provisions of Financial Reporting Standard No 17 Retirement Benefits have been applied resulting in a decrease of the pension deficit of £546k to £1,365k.

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

The value of furniture and equipment on conversion was reassessed during the year and it was considered to be overstated by £989k and a prior year adjustment has been accounted for to restate the value.

At 31 August 2014 the net book value of fixed assets was £5,651k 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.

At 31 August 2014 the Trust held fund balances (excluding the pension deficit) of £6,310k, comprising £5,698k of restricted fixed asset funds, £248k of restricted funds and £364k of unrestricted funds.

● **INVESTMENT POLICY AND PERFORMANCE**

The Trust invests surplus funds in an interest bearing account. The return on the investment is reviewed before the investment is made to ensure there is maximum return, whilst minimising risks to the sum invested. At the year end £90k had been placed on deposit.

● **RESERVES POLICY**

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

The main financial risk to the Trust is that of 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 £364k and General Annual Grant of £120k (see note 19).

● **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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

● **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.

● **FUTURE DEVELOPMENTS**

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

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.

AUDITORS

Waltons Clark Whitehill Limited succeeded to the appointment of Waltons Clark Whitehill LLP on 7 April 2014.

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

This report, incorporating the Strategic Report, was approved by order of the Board of Directors, as the company directors, on 18/12/14 and signed on the board's behalf by:

I Whitfield
Chair



TUDHOE LEARNING TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Directors' Report and in the Directors' Responsibilities Statement. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
C Smith (resigned 16 May 2014)	3	5
J H Smith Chief Executive Officer and Accounting Officer	5	5
I Whitfield	4	5
J Price	3	5
L Moses	3	5
M Simpson	2	5
A Boustead	4	5
D Turner	3	5
D Bowes	4	5
S I Palmerly (appointed 16 May 2014)	0	1

The Trust does not have a committee structure in place.

In relation to finance, the individual school governing bodies have the remit to run the schools according to the principals of the Trust but the setting and monitoring of the budgets is done at Trust level.

The Trust Board carried out the duties of an audit committee in the year ended 31 August 2014. An audit committee is to be put in place for year ended 31 August 2015.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tudhoe Learning Trust for the year 1 September 2013 to 31 August 2014 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

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GOVERNANCE STATEMENT (continued)

risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

THE RISK AND CONTROL FRAMEWORK

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Board of Directors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed C Smith, a Director, as Responsible Officer (RO) whose role was to report on the system of internal controls in the trust. A review was undertaken in Autumn term however the RO resigned from this position in May 2014.

The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly 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.

In 2012/2013 the Trust began the process of establishing and integrating its financial procedures and controls. A key part of this process was the decision to delegate the key control functions, on a monthly basis, to an independent third party, who 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.

Following the 2012/2013 audit a plan of action was also put in place to ensure the necessary improvements were made including the Trust creating a new senior management role of Director of Business, Finance and Development.

This role was filled in the Summer Term and the process of reviewing and improving the controls in place at each school began.

Going forward in 2014/15 the Trust's external auditors are to carry out a supplementary programme of works to ensure the Trust meets its obligations for checking its financial systems, controls, transactions and risks.

REVIEW OF EFFECTIVENESS

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

- the work of the Directors of Business, Finance and Development;
- 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.

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GOVERNANCE STATEMENT (continued)

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

Approved by order of the members of the Board of Directors on 18/12/14 and signed on its behalf, by:

I Whitfield
Director



J H Smith
Accounting Officer



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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Tudhoe Learning Trust I have considered my responsibility to notify the 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.

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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Directors and EFA.

J H Smith
Accounting Officer

Date: 18/12/14



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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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 (including the Strategic 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 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 18/12/14 and signed on its behalf by:

I Whitfield
Chair



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TUDHOE LEARNING TRUST

We have audited the financial statements of Tudhoe Learning Trust for the year ended 31 August 2014 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 to 2014 issued by the Education Funding Agency.

This report is made solely to the charitable Trust's Directors, 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 Directors 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 Directors, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 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, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TUDHOE LEARNING TRUST

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 Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 18/12/14

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

In accordance with the terms of our engagement letter dated 4 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tudhoe Learning Trust during the year 1 September 2013 to 31 August 2014 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 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 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 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 ACCOUNTANT**

The accounting officer is responsible, under the requirements of Tudhoe Learning Trust's funding agreement with the Secretary of State for Education dated 18 December 2012, and the Academies Financial Handbook extant from 1 September 2013, 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 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 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 to 2014 issued by 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.

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 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)

Waltons Clark Whitehill Limited

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 18/12/14

TUDHOE LEARNING TRUST
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STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2013</i> <i>£</i>
INCOMING RESOURCES						
Incoming resources from generated funds:						
Funds transferred from Local Authority on conversion	2	-	-	-	-	7,142,242
Other voluntary income	2	9,718	-	-	9,718	9,953
Activities for generating funds	3	223,120	-	-	223,120	86,724
Investment income	4	1,358	-	-	1,358	419
Incoming resources from charitable activities	5	-	4,427,585	25,625	4,453,210	3,423,900
TOTAL INCOMING RESOURCES		234,196	4,427,585	25,625	4,687,406	10,663,238
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	8	53,055	-	-	53,055	33,015
Charitable activities		-	4,412,301	115,218	4,527,519	3,348,405
Governance costs	9	-	146,601	-	146,601	53,530
Other resources expended	10	-	-	-	-	1,476,000
TOTAL RESOURCES EXPENDED	6	53,055	4,558,902	115,218	4,727,175	4,910,950
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		181,141	(131,317)	(89,593)	(39,769)	5,752,288

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STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2013</i> <i>£</i>
Transfers between funds	19	(75,951)	50,638	25,313	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		105,190	(80,679)	(64,280)	(39,769)	5,752,288
Actuarial gains and losses on defined benefit pension schemes		-	594,000	-	594,000	(372,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		105,190	513,321	(64,280)	554,231	5,380,288
<i>Total funds at 1 September 2013</i>		258,919	(1,630,727)	5,762,873	4,391,065	-
Prior year adjustment	27	-	-	-	-	(989,223)
TOTAL FUNDS AT 31 AUGUST 2014		364,109	(1,117,406)	5,698,593	4,945,296	4,391,065

All activities relate to continuing operations.

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

The notes on pages 20 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	As restated 2013 £
FIXED ASSETS					
Tangible assets	15		5,651,317		5,704,631
CURRENT ASSETS					
Stocks	16	20,150		20,149	
Debtors	17	316,676		97,310	
Cash at bank and in hand		1,056,125		945,138	
			<u>1,392,951</u>	<u>1,062,597</u>	
CREDITORS: amounts falling due within one year	18	(733,972)		(465,163)	
NET CURRENT ASSETS			<u>658,979</u>		<u>597,434</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,310,296</u>		<u>6,302,065</u>
Defined benefit pension scheme liability	24		(1,365,000)		(1,911,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>4,945,296</u>		<u>4,391,065</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	19	247,594		280,273	
Restricted fixed asset funds	19	5,698,593		5,762,873	
Restricted funds excluding pension liability		5,946,187		6,043,146	
Pension reserve		(1,365,000)		(1,911,000)	
Total restricted funds			<u>4,581,187</u>		<u>4,132,146</u>
Unrestricted funds	19		364,109		258,919
TOTAL FUNDS			<u>4,945,296</u>		<u>4,391,065</u>

The financial statements were approved by the Directors, and authorised for issue, on 18/11/14 and are signed on their behalf, by:

I Whitfield
Chair



The notes on pages 20 to 41 form part of these financial statements.

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	21	97,508	444,724
Returns on investments and servicing of finance	22	1,358	419
Capital expenditure and financial investment	22	12,121	(24,148)
Cash transferred on conversion to an academy trust		-	367,252
INCREASE IN CASH IN THE YEAR		110,987	788,247

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase in cash in the year	110,987	788,247
MOVEMENT IN NET FUNDS IN THE YEAR	110,987	788,247
Net funds at 1 September 2013	945,138	156,891
NET FUNDS AT 31 AUGUST 2014	1,056,125	945,138

The notes on pages 20 to 41 form part of these financial statements.

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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 to 2014 issued by 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 funders 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.

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

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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. Assets below this limit are treated as expenditure when purchased.

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

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.7 Stocks

Stocks are valued at cost and are resources purchased in the summer term for use in the 2014-15 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 24, 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 YEAR ENDED 31 AUGUST 2014

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Funds transferred from Local Authority on conversion	-	-	-	7,142,242
Donations	9,718	-	9,718	9,953
Voluntary income	<u>9,718</u>	<u>-</u>	<u>9,718</u>	<u>7,152,195</u>

3. FUNDRAISING INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
School fund - trips	49,727	-	49,727	45,922
Before and after school clubs	23,963	-	23,963	13,005
Other fundraising	13,426	-	13,426	17,261
Contributions towards family worker	21,360	-	21,360	10,536
Catering	86,080	-	86,080	-
Supply teacher insurance claims	28,564	-	28,564	-
	<u>223,120</u>	<u>-</u>	<u>223,120</u>	<u>86,724</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Bank interest received	1,358	-	1,358	419

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
DfE/EFA revenue grants				
Capital grants	-	25,625	25,625	25,597
General annual grant (GAG)	-	3,554,555	3,554,555	2,876,502
Start up grant	-	-	-	100,000
Development grant	-	-	-	120,000
Pupil premium	-	559,633	559,633	152,639
	-	4,139,813	4,139,813	3,274,738
Other government grants				
Family worker funding	-	-	-	8,000
Funding for higher educational needs	-	158,730	158,730	93,107
Early year's funding	-	110,486	110,486	48,055
Growth fund	-	39,181	39,181	-
	-	308,397	308,397	149,162
Other funding				
Challenger Trust	-	5,000	5,000	-
	-	5,000	5,000	-
	-	4,453,210	4,453,210	3,423,900

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	<i>Total</i>
	2014	Premises	Other costs	2014	2013
	£	2014	2014	£	£
		£	£		
Costs of generating voluntary income	-	-	53,055	53,055	33,015
Costs of generating funds	-	-	53,055	53,055	33,015
Academy's educational operations:					
Direct costs	2,266,981	-	465,636	2,732,617	2,573,314
Support costs	1,010,993	364,102	419,807	1,794,902	775,091
Subtotal charitable activities	3,277,974	364,102	885,443	4,527,519	3,348,405
Governance	97,553	-	49,048	146,601	53,530
Other resources expended	-	-	-	-	1,476,000
	3,375,527	364,102	987,546	4,727,175	4,910,950

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. CHARITABLE ACTIVITIES

	Total funds 2014 £	<i>Total funds 2013 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,839,321	1,879,866
National insurance	138,577	149,417
Pension cost	289,083	234,445
Educational supplies	404,765	265,408
Staff development	25,209	17,208
Staff absence insurance	35,662	26,971
	<u>2,732,617</u>	<u>2,573,315</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	853,934	254,757
National insurance	51,033	8,338
Pension cost	106,025	45,348
Depreciation	66,818	156,891
Catering	180,872	37,514
Maintenance of premises and equipment	260,369	22,953
Energy costs	58,244	83,261
Security & transport	16,719	3,884
Cleaning	11,720	6,887
Rates	33,768	6,230
Insurance	78,676	94,546
Other support costs	8,724	11,482
Pension finance cost	68,000	43,000
	<u>1,794,902</u>	<u>775,091</u>
	<u><u>4,527,519</u></u>	<u><u>3,348,406</u></u>

8. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Trips and activities	29,193	-	29,193	10,909
Residential trips	12,588	-	12,588	8,928
Other costs	6,096	-	6,096	9,680
Fundraising costs	5,178	-	5,178	3,498
	<u>53,055</u>	<u>-</u>	<u>53,055</u>	<u>33,015</u>
	<u><u>53,055</u></u>	<u><u>-</u></u>	<u><u>53,055</u></u>	<u><u>33,015</u></u>

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Accountancy fees	-	6,050	6,050	4,450
Auditors' remuneration	-	4,200	4,200	4,000
Legal and professional fees	-	38,798	38,798	32,361
Academy set up costs	-	-	-	1,119
Wages and salaries	-	97,553	97,553	11,600
	<u>-</u>	<u>146,601</u>	<u>146,601</u>	<u>53,530</u>

10. OTHER RESOURCES EXPENDED

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Pension deficit inherited on conversion	-	-	-	1,476,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,476,000</u>

11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	66,818	156,891
Auditors' remuneration	4,200	4,000
Accountancy fees	6,050	4,450
	<u>77,068</u>	<u>165,341</u>

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	2,743,967	2,098,858
Social security costs	189,610	157,755
Other pension costs (Note 24)	395,109	279,793
	<u>3,328,686</u>	<u>2,536,406</u>
Supply teacher costs	46,841	47,365
	<u>3,375,527</u>	<u>2,583,771</u>

b. Staff numbers

The average number of persons employed by the Trust during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teaching staff	46	44
Admin and support	59	59
Management	1	0
	<u>106</u>	<u>103</u>

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	0	1
In the band £80,001 - £90,000	1	0
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2014 pension contributions for this member of staff amounted to £12,299.

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

13. DIRECTORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Directors (2013 - 3) in respect of defined benefit pension schemes.

The Chief Executive Officer and other Staff Directors only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer 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:

	2014	2013
	£'000	£'000
Mr J Smith (Chief Executive Officer and Director)	85-90	60-65
Miss J Price (Staff Director)	5-10	25-30
Miss A Boustead (Staff Director)	50-55	30-35

During the year, no Directors received any benefits in kind (2013 - £NIL).

During the year, no Directors received any reimbursement of expenses (2013 - £NIL).

14. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Directors 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 2014 was £270. The cost of this insurance is included in the total insurance cost.

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2013 (as previously stated)	5,584,000	846,261	420,486	6,850,747
Prior year adjustment	-	(757,000)	(340,000)	(1,097,000)
At 1 September 2013 (as restated)	5,584,000	89,261	80,486	5,753,747
Additions	-	8,014	5,490	13,504
At 31 August 2014	5,584,000	97,275	85,976	5,767,251
Depreciation				
At 1 September 2013 (as previously stated)	30,936	63,008	62,949	156,893
Prior year adjustment	-	(56,776)	(51,001)	(107,777)
At 1 September 2013 (as restated)	30,936	6,232	11,948	49,116
Charge for the year	41,248	9,367	16,203	66,818
At 31 August 2014	72,184	15,599	28,151	115,934
Net book value				
At 31 August 2014	5,511,816	81,676	57,825	5,651,317
At 31 August 2013 (as restated)	5,553,064	83,029	68,538	5,704,631

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

16. STOCKS

	2014 £	2013 £
School supplies	20,150	20,149

17. DEBTORS

	2014 £	2013 £
VAT recoverable	63,309	19,799
Prepayments and accrued income	253,367	77,511
	316,676	97,310

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

18. CREDITORS:

Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	2,676	750
Other taxation and social security	58,982	45,542
Other creditors	62,450	85,283
Accruals and deferred income	609,864	333,588
	733,972	465,163
	733,972	465,163

Deferred income

Deferred income at 1 September 2013		£ 31,832
Resources deferred during the year		220,876
Amounts released from previous years		(31,832)
		220,876
Deferred income at 31 August 2014		220,876

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 YEAR ENDED 31 AUGUST 2014

19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	258,919	234,196	(53,055)	(75,951)	-	364,109
Restricted funds						
General annual grant (GAG)	139,107	3,554,556	(3,625,942)	52,948	-	120,669
Start up grant	14,680	-	-	-	-	14,680
Development grants	120,000	-	(5,445)	(2,310)	-	112,245
Pupil premium	-	559,633	(559,633)	-	-	-
Primary Care Trust family worker	4,666	-	(4,666)	-	-	-
Higher educational needs	1,820	158,729	(160,549)	-	-	-
Early years funding	-	110,486	(110,486)	-	-	-
Growth fund	-	39,181	(39,181)	-	-	-
Challenger Trust	-	5,000	(5,000)	-	-	-
Pension reserve	(1,911,000)	-	(48,000)	-	594,000	(1,365,000)
	<u>(1,630,727)</u>	<u>4,427,585</u>	<u>(4,558,902)</u>	<u>50,638</u>	<u>594,000</u>	<u>(1,117,406)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	5,661,066	-	(57,248)	-	-	5,603,818
Other capital grants	101,807	25,625	(57,589)	20,888	-	90,731
Capital expenditure from GAG	-	-	(381)	4,425	-	4,044
	<u>5,762,873</u>	<u>25,625</u>	<u>(115,218)</u>	<u>25,313</u>	<u>-</u>	<u>5,698,593</u>
Total restricted funds	<u>4,132,146</u>	<u>4,453,210</u>	<u>(4,674,120)</u>	<u>75,951</u>	<u>594,000</u>	<u>4,581,187</u>
Total of funds	<u><u>4,391,065</u></u>	<u><u>4,687,406</u></u>	<u><u>(4,727,175)</u></u>	<u><u>-</u></u>	<u><u>594,000</u></u>	<u><u>4,945,296</u></u>

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 2014-2015 budget for expenditure in that year. Money has been transferred from unrestricted reserves on three schools to ensure this is not in deficit at the year end.

The start up and development grants were additional funding supplied upon conversion for help with the

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

19. STATEMENT OF FUNDS (continued)

costs of conversion and for the improvement of Acre Rigg, Victoria Lane and Stephenson Way. £40,000 of this has been transferred to Acre Rigg to fund ICT equipment and expenditure on this project had started pre year end. The transfer to capital represents capital assets purchased with this funding.

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 was brought forward for expenditure in this financial year.

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 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Tudhoe Colliery Primary School	93,150
Acre Rigg Academy	233,708
Victoria Lane Academy	51,723
Stephenson Way Community Primary School	138,442
Central Services	94,680
	<hr/>
Total before fixed asset fund and pension reserve	611,703
Restricted fixed asset fund	5,698,593
Pension reserve	(1,365,000)
	<hr/>
Total	4,945,296
	<hr/> <hr/>

TUDHOE LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

19. STATEMENT OF FUNDS (continued)

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	396,647	205,662	82,373	145,736	830,418
Acre Rigg Academy	584,996	208,027	151,281	249,857	1,194,161
Victoria Lane Academy	504,401	172,093	86,146	223,929	986,569
Stephenson Way Community Primary School	780,937	488,095	84,965	290,097	1,644,094
Central	-	(20,000)	-	68,000	48,000
	<u>2,266,981</u>	<u>1,053,877</u>	<u>404,765</u>	<u>977,619</u>	<u>4,703,242</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	5,651,317	5,651,317	6,693,854
Current assets	364,109	981,565	47,276	1,392,950	1,062,597
Creditors due within one year	-	(733,971)	-	(733,971)	(465,163)
Provisions for liabilities and charges	-	(1,365,000)	-	(1,365,000)	(1,911,000)
	<u>364,109</u>	<u>(1,117,406)</u>	<u>5,698,593</u>	<u>4,945,296</u>	<u>4,391,065</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Net incoming resources before revaluations	(39,769)	5,752,288
Returns on investments and servicing of finance	(1,358)	(419)
Assets inherited on conversion	-	(7,142,242)
Depreciation of tangible fixed assets	66,818	-
Capital grants from DfE	(25,625)	(25,597)
Increase in stocks	-	(20,149)
Increase in debtors	(219,366)	(97,310)
Increase in creditors	268,808	439,153
Pension deficit inherited on conversion from Local Authority	-	1,476,000
FRS 17 adjustments	48,000	63,000
	97,508	444,724
	97,508	444,724

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	1,358	419
	1,358	419
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(13,504)	(49,745)
Capital grants from DfE	25,625	25,597
	12,121	(24,148)
	12,121	(24,148)

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

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013	Cash flow	Other non-cash changes	31 August 2014
	£	£	£	£
Cash at bank and in hand:	945,138	110,987	-	1,056,125
	945,138	110,987	-	1,056,125
Net funds	945,138	110,987	-	1,056,125

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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24. 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 £48,247 were payable to the scheme at 31 August 2014 (2013 - £37,651) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual 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

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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 year ended 31 August 2014 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.

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
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24. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	7.50	799,422	7.90	640,666
Government bonds	2.90	375,180	3.40	336,560
Property	6.80	95,238	7.40	84,140
Corporate bonds	3.30	124,098	4.10	112,988
Cash	1.10	49,062	0.09	27,646
Total market value of assets		<u>1,443,000</u>		<u>1,202,000</u>
Present value of scheme liabilities		<u>(2,808,000)</u>		<u>(3,113,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,365,000)</u></u>		<u><u>(1,911,000)</u></u>

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,808,000)	(3,113,000)
Fair value of scheme assets	1,443,000	1,202,000
Net liability	<u><u>(1,365,000)</u></u>	<u><u>(1,911,000)</u></u>

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

	2014 £	2013 £
Current service cost	(200,000)	(124,000)
Interest cost	-	42,000
Total	<u><u>(200,000)</u></u>	<u><u>(82,000)</u></u>
Actual return on scheme assets	<u><u>-</u></u>	<u><u>77,000</u></u>

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FOR THE YEAR ENDED 31 AUGUST 2014

24. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	3,113,000	-
Current service cost	200,000	124,000
Contributions by scheme participants	59,000	44,000
Actuarial losses	(752,000)	407,000
Interest cost	147,000	85,000
Benefits paid	41,000	(2,000)
Obligation transferred from local authority	-	2,455,000
	<u>2,808,000</u>	<u>3,113,000</u>
Closing defined benefit obligation	<u>2,808,000</u>	<u>3,113,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,202,000	-
Actuarial gains and (losses)	(158,000)	35,000
Contributions by employer	220,000	104,000
Contributions by employees	59,000	44,000
Benefits paid	41,000	(2,000)
Fair value on transfer from local authority	-	979,000
Expected return on assets	79,000	42,000
	<u>1,443,000</u>	<u>1,202,000</u>
	<u>1,443,000</u>	<u>1,202,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £594,000 (2013 - £372,000).

The Trust expects to contribute £43,708 to its Defined Benefit Pension Scheme in 2015.

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

	2014	2013
Equities	55.40 %	53.30 %
Government bonds	26.00 %	28.00 %
Corporate bonds	8.60 %	9.40 %
Property	6.60 %	7.00 %
Cash	3.40 %	2.30 %

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.50 %
Expected return on scheme assets at 31 August	5.70 %	6.10 %
Rate of increase in salaries	3.60 %	4.70 %
Rate of increase for pensions in payment / inflation	2.10 %	2.80 %
Inflation assumption (CPI)	2.10 %	2.80 %

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

	2014	2013
Retiring today		
Males	22.5	22.1
Females	25	24.3
Retiring in 20 years		
Males	24.7	23.9
Females	27.3	26.2

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(2,808,000)	(3,113,000)
Scheme assets	1,443,000	1,202,000
Deficit	<u>(1,365,000)</u>	<u>(1,911,000)</u>
Experience adjustments on scheme liabilities	752,000	(407,000)
Experience adjustments on scheme assets	<u>(158,000)</u>	<u>35,000</u>

25. 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.

There were no such transactions in the period of account.

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NOTES TO THE FINANCIAL STATEMENTS
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26. PRIOR ACCOUNTING PERIOD

The previous period accounts were prepared from the date of incorporation, 26 October 2012, to 31 August 2013.

27. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been posted to reduce the value of assets transferred from the local authority on conversion. The effect of this is to reduce fixed assets and reserves by £989,223.