



**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

Registered number: 08270151

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**TUDHOE LEARNING TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS MEMBERS/ DIRECTORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**Members**

J V Graham  
J M Kenny  
G Norman

**Directors**

J H Smith, Chief Executive Officer and Accounting Officer  
I Whitfield  
J Price  
L Moses  
M Simpson  
A Boustead  
D Turner  
D Bowes  
S I Palmerly

**Company registered number**

08270151

**Principal and registered office**

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

**Company secretary**

G Pigott

**Chief executive officer**

J H Smith

**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

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**TUDHOE LEARNING TRUST**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Directors present their annual report together with the audited financial statements of Tudhoe Learning Trust (the Trust) for the year ended 31 August 2015. 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, 61A or 67A
- Further Directors if appointed under Article 62.

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

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 2015**

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● **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 Academy and Nursery.

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 also 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 Academy and Nursery, to provide education for pupils of different abilities between reception and Year 6.

**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 2015**

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● **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 Department for Education (DfE) and Regional Schools Commissioner (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.

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**strategic report**

● **ACHIEVEMENTS AND PERFORMANCE**

Following the 4 Ofsted judgments from the 2014 spring and summer terms and the second set of pleasing data from our schools, we felt that this year would be one of consolidation and building capacity. Subsequently we reviewed all aspects of our business and developed a strategy for growth including a new structure, new finance systems and strengthening leadership at all levels, as well as sharing good practice.

We were approached by the DfE with regards to sponsoring three primary schools in County Durham, who were judged by Ofsted to be inadequate in the autumn term. Following all the due diligence processes these schools converted successfully on 1 September 2015 taking the total number of schools in the Trust to seven.

Our CEO was invited onto the pilot for the Executive Leaders program, run by Future Leaders, which has enabled us to become part of a network made up of nationally recognised Trusts, thus developing our capacity for growth further. Our Trust was used as a case study as part of the high performing chains project by the DfE this year. The CEO was also interviewed by the DfE regarding recruitment and succession planning with regards to developing leaders at all levels. We were also asked to provide our blue print for how the Trust engages with a school that requires sponsoring, again by the DfE. The CEO has also been asked to speak at the RSC meeting with regards to our approach.

● **KEY PERFORMANCE INDICATORS**

All four schools are at least in line or above National averages with regards to attainment and progress and pupil numbers are increasing in all the schools. Finances are secure, staffing is stable, capacity for growth is strong and new centrally funded support staff have been appointed to start on 1 September 2015.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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● **GOING CONCERN**

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

● **FINANCIAL REVIEW**

Most of the Trust's income is obtained from the DfE via the Education 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 £6,054k and expenditure was £5,064k, giving a surplus of £990k.

The provisions of Financial Reporting Standard No 17 Retirement Benefits have been applied resulting in a increase in the pension deficit of £35k to £1,400k.

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

At 31 August 2015 the net book value of fixed assets was £6,587k and the movements in the year are shown in note 14. All the assets are used exclusively for providing education and associated support services to the pupils of the Trust.

At 31 August 2015 the Trust held fund balances (excluding the pension deficit) of £7,316k, comprising £6,633k of restricted fixed asset funds, £460k of restricted funds and £223k 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 £198k 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 £389k.

The Trust currently holds unrestricted funds of £223k and General Annual Grant of £129k (see note 18).

The Trust has a pension deficit of £1,400k and there is a 17 year recovery plan in place. The Trust has been making deficit contributions for two years and plans to make future payments out of future income. Reserves will not be used to fund the deficit.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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● **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.

● **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.

As of the 1 September 2015, Tudhoe Learning Trust has sponsored three schools into the Trust, Dene House Primary, Shield Row Primary and South Hetton Primary.

**(END OF STRATEGIC REPORT)**

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**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, 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 *9/12/15* and signed on the board's behalf by:



**I Whitfield**  
Chair

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**TUDHOE LEARNING TRUST**  
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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 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 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
J H Smith, Chief Executive Officer and Accounting Officer	5	5
I Whitfield	5	5
J Price	4	5
L Moses	2	5
M Simpson	4	5
A Boustead	4	5
D Turner	4	5
D Bowes	5	5
S I Palmerly	3	5

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 Governance and Strategic Direction Committee was established in May 2015 by the Board of Directors and first met in October 2015.

The Governance and Strategic Direction Committee is a sub-committee of the main Board of Directors, along with the Executive Head and the Director of Business, Finance and Development. Its purpose is to review Strategic Direction and ensure Governance of the Trust is complied with.

The committee has been tasked with using the 21 Questions for MATs from the DfE to ensure systems are robust and a clear growth strategy is in place.

An audit committee was put in place for year ended 31 August 2015. The first meeting of the Audit Committee was held in July 2015.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
D Bowes	1	1
M Simpson	1	1
D Turner	0	1

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**GOVERNANCE STATEMENT (continued)**

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Governance reviews:

The Directors reviewed the structure of the Trust in Spring of 2015 to allow for the growth and capacity within the Trust. Two Deputy Executive Heads were appointed from existing heads within the Trust, one of whom will support the EHT with school improvement in the east and one in the west. Directors also decided to fund centrally employed staff through a top slice mechanism of 4.6%. Following a detailed skills audit within the Trust we identified a need to employ 4 new centrally funded roles (two educational roles and two managerial posts). Subsequently the Trust appointed a Finance Manager and an HR Advisor to commence on 1 September 2015. The Trust will be appointing an Early Years Champion & a SEND Champion to commence 1 January 2016.

**REVIEW OF VALUE FOR MONEY**

As accounting officer the chief executive officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Trust has delivered improved value for money during the year by asking the Director of Business Finance and Development to look at all contracts and service level agreements to ensure value for money.

An example of cost savings during the year is

- Waste/Recycling contract £3,000
- Photocopying Contract £20,000
- Telephones at Acre Rigg £7,000

We appointed a HR Advisor 1 September 2015 which we felt would enable us to move away from our current SLA which will provide better value for money. A Finance Manager was appointed in September 2015.

In anticipation of the three new schools joining the Trust in September 2015 we advertised for an Early Years Champion who will commence this role in January 2016, an Educational Psychologist provision will commence from January 2016 under a service level agreement.

The Director of Business Finance and Development is a member of the Darlington Business Managers Networking group, part of the remit of this group is to collaborate on joint purchasing to establish best value.

**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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

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

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

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

- Confirming and checking reconciliations had been made of all control accounts
- Reviewing cash handling systems and controls
- Checking a sample of expenditure for purchase orders
- Reviewing the controls in relation to payroll
- Reviewing budgetary and financial planning systems

On a semi-annual basis, the auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

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

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

Approved by order of the members of the Board of Directors on 9 December 2015 and signed on its behalf, by:



**I Whitfield**  
Director



**J H Smith**  
Accounting Officer

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**TUDHOE LEARNING TRUST**  
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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 (2014).

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 (2014).

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: 9 December 2015

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**TUDHOE LEARNING TRUST**  
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**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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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 (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 9/12/15 and signed on its behalf by:



**I Whitfield**  
Chair

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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 year ended 31 August 2015 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 2014 to 2015 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.

**UNQUALIFIED OPINION**

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 2015 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 2014 to 2015 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 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 Limited**

Chartered Accountants  
Statutory Auditors

Maritime House  
Harbour Walk  
The Marina  
Hartlepool  
TS24 0UX  
14 December 2015



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**TUDHOE LEARNING TRUST**  
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**INDEPENDENT REPORTING ACCOUNTANTS' 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 4 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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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**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANTS' 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 year 1 September 2014 to 31 August 2015 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

14 December 2015

**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)  
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	33,323	-	660,000	693,323	9,718
Activities for generating funds	3	196,914	9,521	-	206,435	223,120
Investment income	4	1,320	-	-	1,320	1,358
Incoming resources from charitable activities	5	-	4,867,058	285,830	5,152,888	4,453,210
<b>TOTAL INCOMING RESOURCES</b>		<b>231,557</b>	<b>4,876,579</b>	<b>945,830</b>	<b>6,053,966</b>	<b>4,687,406</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Costs of generating voluntary income	8	58,726	-	-	58,726	53,055
Charitable activities	7	314,358	4,504,474	77,082	4,895,914	4,527,519
Governance costs	9	-	108,889	-	108,889	146,601
<b>TOTAL RESOURCES EXPENDED</b>	6	<b>373,084</b>	<b>4,613,363</b>	<b>77,082</b>	<b>5,063,529</b>	<b>4,727,175</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>(141,527)</b>	<b>263,216</b>	<b>868,748</b>	<b>990,437</b>	<b>(39,769)</b>

**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between funds	18	-	(66,018)	66,018	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>(141,527)</b>	<b>197,198</b>	<b>934,766</b>	<b>990,437</b>	<b>(39,769)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(20,000)	-	(20,000)	594,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(141,527)</b>	<b>177,198</b>	<b>934,766</b>	<b>970,437</b>	<b>554,231</b>
<i>Total funds at 1 September 2014</i>		<i>364,109</i>	<i>(1,117,406)</i>	<i>5,698,593</i>	<i>4,945,296</i>	<i>4,391,065</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>222,582</b>	<b>(940,208)</b>	<b>6,633,359</b>	<b>5,915,733</b>	<b>4,945,296</b>

All activities relate to continuing operations.

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 21 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 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	14		6,587,180		5,651,317
<b>CURRENT ASSETS</b>					
Stocks	15	20,150		20,150	
Debtors	16	235,590		316,676	
Cash at bank and in hand		1,352,330		1,056,125	
			<u>1,608,070</u>	<u>1,392,951</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	(879,517)		(733,972)	
<b>NET CURRENT ASSETS</b>			<u>728,553</u>		<u>658,979</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,315,733</u>		<u>6,310,296</u>
Defined benefit pension scheme liability	23		(1,400,000)		(1,365,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u>5,915,733</u>		<u>4,945,296</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	18	459,792		247,594	
Restricted fixed asset funds	18	6,633,359		5,698,593	
Restricted funds excluding pension liability		7,093,151		5,946,187	
Pension reserve		(1,400,000)		(1,365,000)	
Total restricted funds			<u>5,693,151</u>		<u>4,581,187</u>
Unrestricted funds	18		<u>222,582</u>		<u>364,109</u>
<b>TOTAL FUNDS</b>			<u>5,915,733</u>		<u>4,945,296</u>

The financial statements were approved by the Directors, and authorised for issue, on 9/12/15 and are signed on their behalf, by:

**I Whitfield**  
Chair

The notes on pages 21 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 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	362,001	97,508
Returns on investments and servicing of finance	21	1,320	1,358
Capital expenditure and financial investment	21	(67,116)	12,121
<b>INCREASE IN CASH IN THE YEAR</b>		<u>296,205</u>	<u>110,987</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	<u>296,205</u>	<u>110,987</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<u>296,205</u>	<u>110,987</u>
Net funds at 1 September 2014	1,056,125	945,138
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u>1,352,330</u>	<u>1,056,125</u>

The notes on pages 21 to 41 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 YEAR ENDED 31 AUGUST 2015**

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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 2014 to 2015 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 the 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.

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**TUDHOE LEARNING TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**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.

**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 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 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
Leasehold improvements	-	10 years straight line

**1.7 Stocks**

Stocks are valued at cost and are resources purchased in the summer term for use in the 2015-16 year.



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**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**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 23, 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.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Donations	33,323	660,000	693,323	9,718

**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**3. FUNDRAISING INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
School fund - trips	36,788	-	36,788	49,727
Before and after school clubs	35,089	-	35,089	23,963
Other fundraising	42,421	-	42,421	13,426
Contributions towards family worker	-	9,521	9,521	21,360
Catering	61,138	-	61,138	86,080
Supply teacher insurance claims	21,478	-	21,478	28,564
	<u>196,914</u>	<u>9,521</u>	<u>206,435</u>	<u>223,120</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Bank interest received	1,320	-	1,320	1,358
	<u>1,320</u>	<u>-</u>	<u>1,320</u>	<u>1,358</u>

**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
<b>DfE/EFA revenue grants</b>				
Capital grants	-	285,830	285,830	25,625
General annual grant (GAG)	-	3,547,439	3,547,439	3,554,555
Start up grant	-	285,000	285,000	-
Pupil premium	-	618,113	618,113	559,633
Universal free school meals	-	50,037	50,037	-
	-	<u>4,786,419</u>	<u>4,786,419</u>	<u>4,139,813</u>
<b>Other government grants</b>				
Funding for higher educational needs	-	154,439	154,439	158,730
Early year's funding	-	180,244	180,244	110,486
Growth fund	-	27,239	27,239	39,181
	-	<u>361,922</u>	<u>361,922</u>	<u>308,397</u>
<b>Other funding</b>				
Challenger Trust	-	-	-	5,000
Other grant income	-	4,547	4,547	-
	-	<u>4,547</u>	<u>4,547</u>	<u>5,000</u>
	-	<u>5,152,888</u>	<u>5,152,888</u>	<u>4,453,210</u>

**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**6. RESOURCES EXPENDED**

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	<i>Total</i>
	2015 £	2015 £	2015 £	2015 £	2014 £
Costs of generating voluntary income	-	-	58,726	58,726	53,055
<b>Costs of generating funds</b>	<b>-</b>	<b>-</b>	<b>58,726</b>	<b>58,726</b>	<b>53,055</b>
<b>Academy's educational operations:</b>					
Direct costs	2,238,198	-	499,092	2,737,290	2,732,617
Support costs	1,359,450	372,124	427,050	2,158,624	1,794,902
Subtotal charitable activities	<b>3,597,648</b>	<b>372,124</b>	<b>926,142</b>	<b>4,895,914</b>	<b>4,527,519</b>
<b>Governance</b>	<b>48,143</b>	<b>-</b>	<b>60,746</b>	<b>108,889</b>	<b>146,601</b>
	<b>3,645,791</b>	<b>372,124</b>	<b>1,045,614</b>	<b>5,063,529</b>	<b>4,727,175</b>

**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2015 £</b>	<i>Total funds 2014 £</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,824,354	1,839,321
National insurance	137,332	138,577
Pension cost	276,512	289,083
Educational supplies	401,639	404,765
Staff development	31,435	25,209
Staff absence insurance	36,307	35,662
Start up costs	29,711	-
	<u>2,737,290</u>	<u>2,732,617</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,167,496	853,934
National insurance	67,491	51,033
Pension cost	124,463	106,025
Depreciation	77,083	66,818
Catering	218,108	180,872
Maintenance of premises and equipment	155,224	203,059
Energy costs	70,608	58,244
Security & transport	17,895	16,719
Cleaning	18,661	11,720
Staff Absence Insurance	7,831	435
Rates	33,770	33,768
Insurance	62,542	78,241
Other support costs	14,265	8,724
Human resources, payroll & occupational health	26,133	-
Pension finance cost	23,000	68,000
ICT equipment	74,054	57,310
	<u>2,158,624</u>	<u>1,794,902</u>
	<u><u>4,895,914</u></u>	<u><u>4,527,519</u></u>

**TUDHOE LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**8. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Trips and activities	29,791	-	29,791	29,193
Residential trips	12,736	-	12,736	12,588
Other costs	8,962	-	8,962	6,096
Fundraising costs	7,237	-	7,237	5,178
	<u>58,726</u>	<u>-</u>	<u>58,726</u>	<u>53,055</u>

**9. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Accountancy fees	-	2,347	2,347	6,050
Auditors' remuneration	-	8,200	8,200	4,200
Legal and professional fees	-	21,368	21,368	38,798
Start up costs	-	28,831	28,831	-
Wages and salaries	-	38,721	38,721	73,017
National Insurance	-	4,212	4,212	10,921
Pension Cost	-	5,210	5,210	13,615
	<u>-</u>	<u>108,889</u>	<u>108,889</u>	<u>146,601</u>

**10. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	77,083	66,818
Auditors' remuneration	8,200	4,200
Accountancy fees	2,347	6,050
	<u>87,630</u>	<u>77,068</u>

**TUDHOE LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,957,957	2,719,432
Social security costs	209,035	200,530
Other pension costs (Note 23)	406,185	408,723
	<u>3,573,177</u>	<u>3,328,685</u>
Supply teacher costs	72,614	46,841
	<u>3,645,791</u>	<u>3,375,526</u>

**b. Staff numbers**

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

	2015 No.	2014 No.
Teaching staff	50	46
Admin and support	68	59
Management	1	1
	<u>119</u>	<u>106</u>

**c. Higher paid staff**

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	2	0
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
	<u>3</u>	<u>1</u>

Two of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme. During the year ended 31 August 2015 employer's pension contributions for these staff amounted to £29,443 (2014: £12,229).

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**TUDHOE LEARNING TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**12. DIRECTORS' REMUNERATION AND EXPENSES**

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:

J Smith (Chief Executive Officer and director)  
Remuneration £90,000 - £95,000 (2014: £85,000 - £90,000)  
Employer's Pension £10,000 - £15,000 (2014: £10,000 - £15,000)

A Boustead (staff director)  
Remuneration £45,000 - £50,000 (2014: £40,000 - £45,000)  
Employer's Pension £5,000 - £10,000 (2014: £5,000 - £10,000)

J Price (staff director)  
Remuneration £5,000 - £10,000 (2014: £5,000 - £10,000)  
Employer's Pension £1,000 - £5,000 (2014: £1,000 - £5,000)

During the year, no Directors received any benefits in kind (2014 - £NIL).

During the year ended 31 August 2015, expenses totalling £3,532 (2014 - £NIL) were reimbursed to 2 Directors (2014 - NIL).

**13. 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 2015 was £2,230 (2014 - £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 2015**

**14. TANGIBLE FIXED ASSETS**

	Long term leasehold property £	Furniture and equipment £	Computer equipment £	Leasehold improvements £	Total £
<b>Cost</b>					
At 1 September 2014	5,584,000	97,275	85,976	-	5,767,251
Additions	900,000	28,950	79,458	4,538	1,012,946
At 31 August 2015	<u>6,484,000</u>	<u>126,225</u>	<u>165,434</u>	<u>4,538</u>	<u>6,780,197</u>
<b>Depreciation</b>					
At 1 September 2014	72,184	15,599	28,151	-	115,934
Charge for the year	41,248	11,657	23,951	227	77,083
At 31 August 2015	<u>113,432</u>	<u>27,256</u>	<u>52,102</u>	<u>227</u>	<u>193,017</u>
<b>Net book value</b>					
At 31 August 2015	<u>6,370,568</u>	<u>98,969</u>	<u>113,332</u>	<u>4,311</u>	<u>6,587,180</u>
At 31 August 2014	<u>5,511,816</u>	<u>81,676</u>	<u>57,825</u>	<u>-</u>	<u>5,651,317</u>

Included in longterm leasehold property is land at cost of £428,000 which is not depreciated.

**15. STOCKS**

	2015 £	2014 £
School supplies	<u>20,150</u>	<u>20,150</u>

**16. DEBTORS**

	2015 £	2014 £
Trade debtors	565	-
VAT recoverable	34,664	63,309
Prepayments and accrued income	200,361	253,367
	<u>235,590</u>	<u>316,676</u>

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**TUDHOE LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. CREDITORS:**

**Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	£	£
Trade creditors	<b>1,841</b>	2,676
Other taxation and social security	<b>60,377</b>	58,982
Other creditors	<b>81,776</b>	62,450
Accruals and deferred income	<b>735,523</b>	609,864
	<hr/> <b>879,517</b> <hr/>	<hr/> <b>733,972</b> <hr/>
		£
<b>Deferred income</b>		
Deferred income at 1 September 2014		<b>220,876</b>
Resources deferred during the year		<b>331,618</b>
Amounts released from previous years		<b>(220,876)</b>
		<hr/> <b>331,618</b> <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.

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**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General funds	364,109	231,557	(373,084)	-	-	222,582
<b>Restricted funds</b>						
General annual grant (GAG)	120,669	3,547,439	(3,478,138)	(61,050)	-	128,920
Start up grant	14,680	285,000	(60,204)	(2,243)	-	237,233
Development grants	112,245	-	(15,881)	(2,725)	-	93,639
Pupil premium	-	618,113	(618,113)	-	-	-
Primary Care Trust family worker	-	9,521	(9,521)	-	-	-
Higher educational needs	-	154,439	(154,439)	-	-	-
Early years funding	-	180,244	(180,244)	-	-	-
Growth fund	-	27,239	(27,239)	-	-	-
Universal Free School Meals	-	50,037	(50,037)	-	-	-
Other restricted funds	-	4,547	(4,547)	-	-	-
Pension reserve	(1,365,000)	-	(15,000)	-	(20,000)	(1,400,000)
	<u>(1,117,406)</u>	<u>4,876,579</u>	<u>(4,613,363)</u>	<u>(66,018)</u>	<u>(20,000)</u>	<u>(940,208)</u>
<b>Restricted fixed asset funds</b>						
Capital funds on conversion	5,603,818	-	(57,249)	-	-	5,546,569
Other capital funds	90,731	945,830	(14,951)	16,962	-	1,038,572
Capital expenditure from GAG	4,044	-	(4,882)	49,056	-	48,218
	<u>5,698,593</u>	<u>945,830</u>	<u>(77,082)</u>	<u>66,018</u>	<u>-</u>	<u>6,633,359</u>
Total restricted funds	<u>4,581,187</u>	<u>5,822,409</u>	<u>(4,690,445)</u>	<u>-</u>	<u>(20,000)</u>	<u>5,693,151</u>
Total of funds	<u><u>4,945,296</u></u>	<u><u>6,053,966</u></u>	<u><u>(5,063,529)</u></u>	<u><u>-</u></u>	<u><u>(20,000)</u></u>	<u><u>5,915,733</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 2015-2016 budget for expenditure in that year.

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

The start up and development grants brought forward were additional funding supplied upon conversion for help with the costs of conversion and for the improvement of Acre Rigg, Victoria Lane and Stephenson Way. Some of this has been spent in the year on improving these schools, especially on capital equipment and there remains a balance to carry forward.

Additional funding was received in the current year to assist with the conversion of the three new schools which joined the Trust in September 2015 and some of this has been spent on pre conversion legal costs.

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.

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

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

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

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 2015.

**Analysis of academies by fund balance**

Fund balances at 31 August 2015 were allocated as follows:

	<b>Total £</b>
Tudhoe Colliery Primary School	49,261
Acre Rigg Academy	229,207
Victoria Lane Academy	44,892
Stephenson Way Academy and Nursery	138,297
Central Services	220,717
	<hr/>
Total before fixed asset fund and pension reserve	682,374
Restricted fixed asset fund	6,633,359
Pension reserve	(1,400,000)
	<hr/>
Total	<b>5,915,733</b>
	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. 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	402,560	231,074	104,101	182,046	919,781
Acre Rigg Academy	611,622	239,703	132,683	230,414	1,214,422
Victoria Lane Academy	409,856	290,715	61,778	172,902	935,251
Stephenson Way Academy and Nursery	771,079	547,902	105,145	281,180	1,705,306
Central	72,100	65,382	1,731	72,698	211,911
	<u>2,267,217</u>	<u>1,374,776</u>	<u>405,438</u>	<u>939,240</u>	<u>4,986,671</u>

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	6,587,180	6,587,180	5,651,317
Current assets	222,582	1,099,310	286,179	1,608,071	1,392,950
Creditors due within one year	-	(639,518)	(240,000)	(879,518)	(733,971)
Provisions for liabilities and charges	-	(1,400,000)	-	(1,400,000)	(1,365,000)
	<u>222,582</u>	<u>(940,208)</u>	<u>6,633,359</u>	<u>5,915,733</u>	<u>4,945,296</u>

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

	2015	2014
	£	£
Net incoming resources before revaluations	990,437	(39,769)
Returns on investments and servicing of finance	(1,320)	(1,358)
Donation for capital project	(660,000)	-
Depreciation of tangible fixed assets	77,083	66,818
Capital grants from DfE	(285,830)	(25,625)
Decrease/(increase) in debtors	81,086	(219,366)
Increase in creditors	145,545	268,808
FRS 17 adjustments	15,000	48,000
	<b>362,001</b>	<b>97,508</b>
	<b>362,001</b>	<b>97,508</b>

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

	2015	2014
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	1,320	1,358
	<b>1,320</b>	<b>1,358</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,012,946)	(13,504)
Capital grants from DfE	285,830	25,625
Donation for capital project	660,000	-
	<b>(67,116)</b>	<b>12,121</b>
	<b>(67,116)</b>	<b>12,121</b>

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

	1 September 2014	Cash flow	Other non-cash changes	31 August 2015
	£	£	£	£
Cash at bank and in hand:	1,056,125	296,205	-	1,352,330
	<b>1,056,125</b>	<b>296,205</b>	<b>-</b>	<b>1,352,330</b>
	<b>1,056,125</b>	<b>296,205</b>	<b>-</b>	<b>1,352,330</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS**

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham County Council. Both are multi-employer defined benefit 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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £49,272 were payable to the schemes at 31 August 2015 (2014 - £48,247) 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.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities 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 assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £241,843 (2014: £227,739).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS (continued)**

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 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.

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

	<b>Fair value at 31 August 2015</b>	<i>Expected return at 31 August 2014</i>	<i>Fair value at 31 August 2014</i>
	£	%	£
Equities	<b>834,700</b>	7.50	799,422
Government bonds	<b>481,100</b>	2.90	375,180
Property	<b>103,700</b>	6.80	95,238
Corporate bonds	<b>151,300</b>	3.30	124,098
Cash	<b>129,200</b>	1.10	49,062
Total market value of assets	<u><b>1,700,000</b></u>		<u>1,443,000</u>
Present value of scheme liabilities	<u><b>(3,100,000)</b></u>		<u>(2,808,000)</u>
Deficit in the scheme	<u><b>(1,400,000)</b></u>		<u>(1,365,000)</u>

The adoption of FRS102 in the next accounting period removes the requirement to recognise an expected return on assets item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 August 2015.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS (continued)**

The amounts recognised in the balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(3,100,000)	(2,808,000)
Fair value of scheme assets	1,700,000	1,443,000
Net liability	<u>(1,400,000)</u>	<u>(1,365,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(194,000)	(200,000)
Interest cost	(23,000)	(68,000)
Total	<u>(217,000)</u>	<u>(268,000)</u>
Actual return on scheme assets	<u>(6,000)</u>	<u>(79,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	2,808,000	3,113,000
Current service cost	194,000	200,000
Contributions by scheme participants	63,000	59,000
Actuarial losses	(71,000)	(752,000)
Interest cost	108,000	147,000
Benefits paid	(2,000)	41,000
Closing defined benefit obligation	<u>3,100,000</u>	<u>2,808,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening fair value of scheme assets	1,443,000	1,202,000
Actuarial gains and (losses)	(91,000)	(158,000)
Contributions by employer	202,000	220,000
Contributions by employees	63,000	59,000
Benefits paid	(2,000)	41,000
Expected return on assets	85,000	79,000
	<u>1,700,000</u>	<u>1,443,000</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £202,000 (2014 - £222,000).

The Trust expects to contribute £302,094 in normal contributions and £45,450 deficit contributions to its defined benefit pension scheme in 2016.

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

	2015	2014
Equities	49.10 %	55.30 %
Government bonds	28.30 %	26.00 %
Corporate bonds	8.90 %	8.60 %
Property	6.10 %	6.60 %
Cash	7.60 %	3.50 %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August (N/A at 2015)	- %	5.70 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %

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

	2015	2014
Retiring today		
Males	22.6	22.5
Females	25.1	25
Retiring in 20 years		
Males	24.8	24.7
Females	27.4	27.3

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS (continued)**

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(3,100,000)	(2,808,000)	(3,113,000)
Scheme assets	1,700,000	1,443,000	1,202,000
Deficit	<u>(1,400,000)</u>	<u>(1,365,000)</u>	<u>(1,911,000)</u>
Experience adjustments on scheme liabilities	71,000	752,000	(407,000)
Experience adjustments on scheme assets	<u>(91,000)</u>	<u>(158,000)</u>	<u>35,000</u>

**24. 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 director 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.

**25. POST BALANCE SHEET EVENTS**

On the 1 September 2015 the Trust expanded to take on another three schools, Shield Row Primary School, Dene House Primary School and South Hetton Primary School.

