

Company Registration Number: 08270151 (England & Wales)

TUDHOE LEARNING TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

TUDHOE LEARNING TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

B Hilton
J M Kenny
C Taque
I Whitfield
D Bowes

Directors

J H Smith, Chief Executive Officer and Accounting Officer
I Whitfield, Chair
D Collins
V Ingleton
M Simpson (resigned 1 July 2019)
A Boustead
D Bowes
D Turner (resigned 25 February 2019)

Company registered number

08270151

Company name

Tudhoe Learning Trust

Principal and registered office

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

Company secretary

G Pigott

Chief executive officer

J H Smith

Senior management team

J H Smith Chief Executive Officer
G Pigott, Director of Finance and Business Development
A Boustead, Director and Headteacher

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors

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

Bankers

Lloyds TSB Bank plc
19 Market Place
Durham
DH1 3NL

Solicitors

Womble 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 2019

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The Directors confirm that the annual report and financial statements of the Trust comply with 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 2015. The annual report serves the purposes of both a Trustees report and a Directors' report under company law.

Tudhoe Learning Trust operate in the North East of England which includes seven 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 charitable company's Memorandum of Association is the primary governing document of the Trust.

Details of the Directors who served during the year, and to the date these financial statements are approved are included in the Reference and administrative details on page 1.

Members' liability

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

Method of recruitment and appointment or election of Directors

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

The membership of the Board is as follows:

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

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

A review of the board was undertaken following a skills audit, a recruitment exercise followed which has ensured our board is made up in line with Education department recommendations. Currently we have three vacancies on the board and we are very close to filling these vacancies.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Policies 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.

In 2018/19 we strengthened our governor support to provide both operational and strategic advice. This has resulted in an improvement in training and support for governors and Directors as well a more efficient and effective structure. with a greater clarity with regards to roles and responsibilities.

All Directors are provided with access to minutes, policies and procedures.

Organisational structure

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

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

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

The individual school heads meet half termly to share information and methods of implementation of strategy. Each individual school has its own local governing body with the remit to run the school according to the principals of the Trust. There is a scheme of delegation which clearly sets out roles and responsibilities within the Trust.

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

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Arrangements for setting pay and remuneration of key management personnel

The Directors consider that they, together with the senior management team (detailed on page 1) comprise the key management personnel of Tudhoe Learning Trust in charge of directing and controlling, running and operating the Trust on a day to day basis.

Trust Directors will determine the pay range of the Trust Management Team for a vacancy prior to advertising it.

On appointment directors will determine the starting salary with that range to be offered to the successful candidate.

The Directors give their time freely and no Director other than the CEO and the Deputy Head of Tudhoe Colliery Primary received a salary in year, however Directors are remunerated for expenses detailed in note 13 if they wish to claim.

As per Tudhoe Learning Trust pay policy all staff with responsibilities for teaching and learning are paid in line with the schools Teachers pay and Conditions (STPC) other personal are paid in line with Durham County Council national pay scales and spinal column pints.

The pay and remuneration of CEO, Headteachers and Deputy Heads are reviewed annually by the Trusts pay review committee. The Committee ensures performance is evaluated against in appraisal targets.

Trade union facility time

We did not have any trade union representatives as part of our work force during the financial year 2018-19 therefore there were no cost implications to this.

Recruitment/ selection and equal opportunities

The Trust has a Recruitment and selection Policy that takes into account safer recruitment and is fully inclusive. In applying the policy the Trust will not unlawfully discriminate in respect of any characteristic as defined under the Equality Act.

The Trust employs a Human Resource Manager who monitors the operation of all trust policies and procedures to ensure it is a fair and equitable framework in which it operates in.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Communication

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

Consultation

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

Performance Schemes

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

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

The company's object as set out in the governing document is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Objectives, strategies and activities

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

- Develop the capacity of staff within the Trust
- Ensure economic efficiencies across the Trust
- Develop business opportunities across the Trust which will include supporting other schools
- Work strategically with the Department of Education (D of E) and Regional Schools Commissioner
- Implement robust and purposeful management systems
- The Trust has fit for purpose Governance
- The Trust develops outstanding schools that learn from each other.

Public benefit

In setting objectives and planning for activities, the Directors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

All charitable activities are undertaken to further the advancement of education to all students in its care and partnership organisations in the wider community.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

Key Performance Indicator	Acre Rigg	Dene House	South Hetton	Shield Row	Stephenson Way	Tudhoe Colliery	Victoria Lane
Total GAG per pupil	£4,279	£4,335	£4,227	£4,321	£4,200	£4,126	£4,737
Teaching staff expenditure per pupil	£2,722	£2,253	£2,406	£2,822	£2,735	£2,053	£2,612
Teaching staff as % of total expenditure	51.4%	41%	40.4%	47.1%	47.5%	39.6%	38.9%
Support staff expenditure as % of total expenditure	14%	24.3%	23.3%	14.9%	21.9%	19.4%	24.6%
Total staffing as % of total expenditure	74%	78.84%	75.42%	77.31%	78.23%	78.82%	75.78%
Total Pupil Numbers	256	275	201	170	293	199	159

Like many schools nationally, our schools' Year 6 reading results took a downward turn despite our attempts to strengthen reading over the last few years. Our aspirations for the year were in line with national, so the outcomes were obviously disappointing, but following an in depth analysis of reading across the Trust, we are confident that this was a blip and reading provision is strong in all our schools, which will be reflected in the 2020 results.

We had two Ofsted visits during the year, with Stephenson Way being judged as Requires Improvement and Victoria Lane as Good. We were obviously disappointed with the outcome at SWANS, but we have appointed an experienced Head Teacher from outside of the Trust and are a long way down the road of addressing the concerns raised within the report.

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Tudhoe Learning Trust Attainment 2019

	ARA		SRP		DHP		SHP		SWANS		TCP		VLA		TLT	
	A+	E	A+	E	A+	E	A+	E	A+	E	A+	E	A+	E	A+	E
EYFS GLD			80%	20%	65%	0%	73%	20%	69%	0%	77%	20%	67%	10%	72%	11%
Y1 Phonics			86%		81%		83%		73%		100%		86%		84%	
Y2 Reading			78%	28%	63%	11%	68%	24%	59%	14%	83%	37%	74%	22%	69%	21%
Y2 Writing			78%	17%	60%	6%	52%	20%	65%	10%	83%	30%	67%	37%	67%	18%
Y2 Maths			78%	28%	66%	9%	68%	24%	61%	12%	90%	30%	78%	37%	72%	21%
Y6 Reading	56%	18%	59%	17%	59%	11%	65%	15%	46%	7%	86%	32%	57%	13%	59%	15%
Y6 Writing	81%	30%	79%	21%	70%	9%	77%	12%	70%	15%	89%	43%	74%	26%	77%	21%
Y6 Maths	70%	19%	69%	7%	66%	7%	81%	23%	61%	4%	93%	32%	78%	9%	72%	13%
Y6 GPS	65%	21%	76%	31%	64%	18%	81%	19%	59%	17%	93%	57%	70%	4%	70%	26%
Y6 Com	47%	11%	55%	0%	57%	5%	54%	4%	37%	0%	79%	29%	43%	0%	51%	7%

Key:

A+ = % of pupils achieving expected standard or better

E = number of pupils exceeding expected standard

EYFS GLD – Early Years Foundation Stage Good Level of Development

Y6 GPS – Grammar, Punctuation and Spelling assessment

Y6 Com = R, W & M

• **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 they continue 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 2019

STRATEGIC REPORT (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Review of the year

A year of mixed fortunes for the Trust with a number of challenges for us to face... and face them we did!

We also appointed an experienced HR Manager to strengthen our team ready for the start of 2019/20 and welcome back our early Years Champion who was on maternity leave for most of the academic year. Sadly we lost a dear colleague this year with the unexpected passing of Madeline Portwood, our partner Educational Psychologist. Madeline was an inspiration to everyone and was internationally renowned, as well as being an outstanding advocate for children with SEND. She is a great loss as a friend and a colleague.

We have developed our Peer Review system this year into a Continuous Improvement Review. Developed by senior staff, led by our School Improvement Champion, the system was devised to focus a review on how well our schools have identified their main areas for improvement and how successfully they are addressing them. From this the Trust can gauge the level of support required to support and challenge them to improve further. It was trialled at Tudhoe Colliery and will be used across the Trust next academic year.

The Trust also had a financial review this year, which was very positive. This is testimony to the hard work of our finance team, who have driven a number of developments and the centralisation of key functions resulting in greater efficiencies.

Finally, our trust has a new home now with the completion of our offices on the site of Tudhoe Colliery Primary. This has been a long-term project that has been too long in the making, with the central team often living a nomadic life between schools for the last six years. Welcome home and thank you for your patience!

FINANCIAL REVIEW

Income and expenditure

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

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

Total income was £9.9m and expenditure was £9.4m giving a surplus of £505k. Excluding the movement on capital funds and the pension reserve the in year surplus was £213k.

The provisions of FRS 102 relating to retirement benefits have been applied resulting in an increase in the pension deficit of £1.8m The deficit is now £46m

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

At 31 August 2019 the net book value of fixed assets was £13.9m and the movements in the year are shown in note 17. All the assets are used exclusively for providing education and associated support services to the pupils of the Trust.

At 31 August 2019 the Trust held fund balances (excluding the pension deficit) of £14.6m comprising £13.9m of

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

restricted fixed asset funds, £252k of restricted funds and £455k of unrestricted funds.

Reserves policy

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

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

In 2018/19 Shield Row Primary had a net deficit of £36k and South Hetton Primary of £20k. In the short-term this will be funded through Tudhoe Trust reserves and it is anticipated that Shield Row Primary will be funded through a grant held by the Trust on the schools behalf.

The Trust currently holds unrestricted funds of £455k and General Annual Grant of £157k (see note 22). Included within unrestricted funds is £119k of designated funds which are pots held by the Trust for payment of the pension deficit and to self insure for staff absence. This is explained in note 22. Total free reserves (including the designated reserves) are £455k.

Total reserves are £8.6m which includes restricted fixed asset reserves of £13.9m.

The Trust has a pension deficit of £6m and there is a 17 year recovery plan in place. The Trust has been making deficit contributions for five years and plans to make future payments out of future income. Reserves will not be used to fund the deficit.

Investment policy

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties

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

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

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

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

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

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

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

We do not engage with any professional fundraisers.

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

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

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

Plans for future periods

We envisage the work of the Trust will involve supporting our own schools to improve. We feel as if we now have the capacity to support other schools so we envisage longer term that we will grow to a maximum of 12 schools within 5 years.

The priorities for improvement in 2019-20 are:

1. To increase the numbers of pupils at/exceeding age related expectations in Reading by:
Developing a range of pupils' reading skills & resilience to ensure they have the confidence to interrogate a wide range of texts consistently.
Developing a love of reading.
2. To continue to strengthen Governance at Director level and LGB level.
3. Ensure the Headteacher Board and Chair of Governor Board develop strategically to support the work of the Board of Directors.
4. To strengthen our capacity for future growth.
5. To support other schools outside the Trust, with a view to them joining our family of schools.
6. Strengthen the Continuous Improvement Review process and train more staff.
7. Continue to reduce staff and pupil absence across the Trust.
8. Continue to centralise a wider range of policies and procedures.
9. Develop a more common approach to self-evaluation procedures, which clearly inform priorities for improvement.

END OF STRATEGIC REPORT

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Employee involvement and employment of the disabled

Employees have been consulted on issues that may affect them by means of regular staff meetings and have been kept informed on specific matters directly by management.

All our policies set out a clear framework to ensure clear and fair procedures. Applying the policies the Trust will not unlawfully disrespect anyone's personal circumstances

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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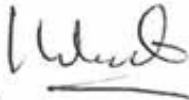
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditors

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors' report, incorporating a strategic report, was approved by order of the board of Directors, as the company directors, on 13 December 2019 and signed on its behalf by:



I Whitfield
(Chair of Trustees)

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

GOVERNANCE

The information on governance included here supplements that described in the Directors' report. The Board of Directors has formally met 3 times during the year.

Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
J H Smith, Chief Executive Officer and Accounting Officer	3	3
I Whitfield, Chair	3	3
D Collins	2	3
V Ingleton	3	3
M Simpson (resigned 1 July 2019)	1	2
A Boustead	2	3
D Bowes	3	3
D Turner (resigned 25 February 2019)	0	1

The board meets 3 times per year on a formal basis however weekly contact and ad hoc meetings are held between the CEO and Chair of the Trust to keep up to date with any developments. The board therefore consider there is no need to meet more frequently.

Management information is sent on a monthly basis to all members of the Trust board.

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

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

The Trust top slices 4.8% of income from our schools to fund central expenditure. A review is undertaken on an annual basis to ensure the capacity within the Trust enables us to fulfil our strategic direction.

Following our governance review last year, the Head Teacher Board and Chair of Governor Board have strengthened our strategic leadership and we have developed clearer roles and responsibilities, supported by our governance partner David Walker. Two of the original Directors stood down this year. Everyone associated with the Trust is grateful to Derek Turner and Mike Simpson for their commitment and expertise provided to TLT since its inception in 2012, it has been a pleasure to work with them.

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GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

The Audit committee is a sub committee of the main Board of Directors. Its purpose is to work closely with the CEO and Director of Business, Finance and Development.

The committee is tasked with looking at governance, academy performance against targets, staff management and performance, financial management, academy procedures and premises and assets. They also review the risk register and receive any updates from internal and external audit.

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

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
J H Smith, CEO and Accounting Officer	2	2
I Whitfield	2	2
D Bowes	2	2
D Turner (resigned 25 February 2019)	0	1
M Simpson (resigned 1 July 2019)	0	1
D Collins	1	2

J H Smith as CEO and Accounting Officer attended audit committee meetings but is not a member of the committee.

Review of value for money

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

The Accounting Officer considers how the Trust's use of resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Trust has carried out detailed benchmarking using "School Resources Management Self-Assessment Dashboard Tool" for all schools within the Trust. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Following last year's review of the finance processes across the Trust all duties were centralised in September 2018 this led to improved efficiency in the processing of invoices.
- Sage for Education was implemented which also resulted in a cost saving from the previous software and a more efficient and time saving way to produce the management accounts.
- To assist with cashflow it was decided to close the 7 school bank accounts and implement one Trust bank account which is held centrally.
- In April 2019 we implemented a software package Orovia to assist with the budgeting process, this has proved to be timesaving and efficient.

TUDHOE LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 2018 to 31 August 2019 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 2018 to 31 August 2019 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 Audit Committee 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 external 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

A review of financial reports provided to the board
Reviewed expenditure which required authorisation at board level
Reviewed controls over physical cash management
Reviewed controls over payroll
Reviewed finance risks identified in the risk register
Reviewed the Trust's governance structure and compliance with regulatory requirements

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

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

TUDHOE LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

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

Approved by order of the members of the Board of Directors on 13 December 2019 and signed on their behalf by:

I Whitfield
Chair of Trustees

J H Smith
Accounting Officer



TUDHOE LEARNING TRUST
(A company limited by guarantee)

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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Trust Board of Directors are able to identify any material irregular or improper use of all 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 2018.

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 ESFA.

J H Smith
Accounting Officer
Date: 13 December 2019



TUDHOE LEARNING TRUST
(A company limited by guarantee)

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

Unqualified opinion

We have audited the financial statements of Tudhoe Learning Trust (the 'trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

TUDHOE LEARNING TRUST
(A company limited by guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

TUDHOE LEARNING TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Heather O'Driscoll FCA (senior statutory auditor)
for and on behalf of
Waltons Clark Whitehill Limited
Chartered Accountants
Statutory Auditors
Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

19 December 2019

TUDHOE LEARNING TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 17 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Tudhoe Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tudhoe Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tudhoe Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tudhoe Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Tudhoe Learning Trust's funding agreement with the Secretary of State for Education dated 18 December 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

TUDHOE LEARNING TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Heather O'Driscoll FCA

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

Date: 17 December 2019

TUDHOE LEARNING TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	4	8,436	-	840,895	849,331	443,107
Charitable activities	5	-	8,650,359	-	8,650,359	8,319,036
Other trading activities	6	357,523	-	-	357,523	435,807
Investments	7	622	-	-	622	748
TOTAL INCOME		366,581	8,650,359	840,895	9,857,835	9,198,698
EXPENDITURE ON:						
Raising funds	9	-	144,801	-	144,801	141,815
Charitable activities	10	163,009	8,768,044	276,910	9,207,962	9,176,576
TOTAL EXPENDITURE		163,009	8,912,845	276,910	9,352,764	9,318,391
NET INCOME/(EXPENDITURE)		203,572	(262,486)	563,985	505,071	(119,693)
Transfers between funds	23	(5,400)	2,067	3,333	-	-
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	29	-	(1,479,000)	-	(1,479,000)	506,000
NET MOVEMENT IN FUNDS		198,172	(1,739,419)	567,318	(973,929)	386,307

TUDHOE LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
RECONCILIATION OF FUNDS:					
Total funds brought forward	256,734	(4,030,509)	13,332,820	9,559,046	9,172,739
Net movement in funds	205,172	(1,746,419)	567,318	(973,929)	386,307
TOTAL FUNDS CARRIED FORWARD	461,906	(5,776,928)	13,900,138	8,585,116	9,559,046

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

The notes on pages 31 to 63 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

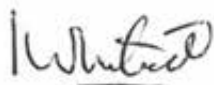
	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	18	13,855,090	13,163,578
		<u>13,855,090</u>	<u>13,163,578</u>
CURRENT ASSETS			
Stocks	19	25,645	20,484
Debtors	20	553,926	422,905
Cash at bank and in hand		1,255,479	1,053,940
		<u>1,835,050</u>	<u>1,497,329</u>
Creditors: amounts falling due within one year	21	(1,037,030)	(811,050)
NET CURRENT ASSETS		<u>798,020</u>	<u>686,279</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,653,110</u>	<u>13,849,857</u>
Creditors: amounts falling due after more than one year	22	(45,994)	(22,812)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>14,607,116</u>	<u>13,827,045</u>
Defined benefit pension scheme liability	29	(6,022,000)	(4,268,000)
TOTAL NET ASSETS		<u><u>8,585,116</u></u>	<u><u>9,559,045</u></u>

TUDHOE LEARNING TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
FUNDS OF THE TRUST			
Restricted funds:			
Fixed asset funds	23	13,900,138	13,332,820
Restricted income funds	23	252,072	237,491
		<u>14,152,210</u>	<u>13,570,311</u>
Restricted funds excluding pension asset	23	14,152,210	13,570,311
Pension reserve	23	(6,022,000)	(4,268,000)
Total restricted funds	23	8,130,210	9,302,311
Unrestricted income funds	23	454,906	256,734
TOTAL FUNDS		<u>8,585,116</u>	<u>9,559,045</u>

The financial statements on pages 26 to 63 were approved by the Directors, and authorised for issue on 13 December 2019 and are signed on their behalf, by:



I Whitfield
Chair

The notes on pages 31 to 63 form part of these financial statements.

TUDHOE LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	25	276,385	4,519
CASH FLOWS FROM INVESTING ACTIVITIES	27	(97,710)	(40,318)
CASH FLOWS FROM FINANCING ACTIVITIES	26	22,863	21,860
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		201,538	(13,939)
Cash and cash equivalents at the beginning of the year		1,053,940	1,067,879
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28	<u>1,255,478</u>	<u>1,053,940</u>

The notes on pages 31 to 63 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 2019

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

TUDHOE LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Expenditure

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

• **Expenditure on raising funds**

This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 Part 11, chapter 3 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.

1.6 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life on the following basis:

Computer licences	- 5 years straight line
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TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

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

1.8 Stocks

Stocks are valued at cost and are resources purchased in the summer term for use in the 2019-2020 academic year.

1.9 Debtors

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

1.10 Liabilities

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

TUDHOE LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 20. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 21 and 22. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

TUDHOE LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.13 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.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

TUDHOE LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In December 2018 the Court of Appeal ruled in the McCloud/Sargeant judgment that the transitional protection arrangements put in place when the Firefighters and Judges pension schemes were reformed were age discriminatory. The government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements, which includes the LGPS.

No allowance for this ruling has been made in the provision calculated by the actuary. Any allowance would only be approximate as the true final cost will depend on the age and salary profile of Trust employees as well as the exact form of compensation agreed.

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". According to HM Treasury, any impact of GMPs is unlikely to be material to the pension valuation and therefore no allowance for GMP equalisation has been made in the FRS102 LGPS pension liability for this year. Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

TUDHOE LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. COMPANY STATUS

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

The registered address is:

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

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	8,436	-	8,436	26,823
Grants	-	840,895	840,895	416,284
	<u>8,436</u>	<u>840,895</u>	<u>849,331</u>	<u>443,107</u>
<i>Total 2018</i>	<u>21,771</u>	<u>421,336</u>	<u>443,107</u>	

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DFE/ESFA grants			
General annual grant	6,983,281	6,983,281	6,764,305
Pupil premium	955,600	955,600	948,932
Universal free school meals	155,972	155,972	146,615
Apprentice grant	-	-	1,000
Teachers pay grant	51,124	51,124	-
Other DFE	2,200	2,200	-
	<u>8,148,177</u>	<u>8,148,177</u>	<u>7,860,852</u>
Other government grants			
Pupil premium from Local authority	30,800	30,800	27,374
Funding for higher educational needs	141,664	141,664	105,626
Early year's funding	321,436	321,436	300,294
Home office humanitarian funding	-	-	9,000
	<u>493,900</u>	<u>493,900</u>	<u>442,294</u>
Other funding			
Other grant funding	8,282	8,282	15,890
	<u>8,282</u>	<u>8,282</u>	<u>15,890</u>
Total 2019	<u><u>8,650,359</u></u>	<u><u>8,650,359</u></u>	<u><u>8,319,036</u></u>

In 2018 of the income for educational operations £8,319,036 was restricted and £nil was unrestricted.

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
School fund - trips	99,365	-	99,365	99,499
Before and after school clubs	82,307	-	82,307	80,851
Other fundraising	86,208	-	86,208	80,894
Contribution towards family worker	-	-	-	4,483
Catering	87,103	-	87,103	99,860
Supply teacher insurance claims	2,540	-	2,540	70,220
	<u>357,523</u>	<u>-</u>	<u>357,523</u>	<u>435,807</u>
<i>Total 2018</i>	<u>431,324</u>	<u>4,483</u>	<u>435,807</u>	

7. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	622	622	748
	<u>622</u>	<u>622</u>	<u>748</u>

In 2018 of the total investment income £nil was restricted and £748 was unrestricted.

TUDHOE LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income:					
Direct costs	-	-	144,801	144,801	141,815
Educational activities					
Direct costs	4,130,198	-	568,375	4,698,573	4,868,983
Allocated support costs	3,126,703	352,886	1,029,801	4,509,390	4,307,593
	<u>7,256,901</u>	<u>352,886</u>	<u>1,742,977</u>	<u>9,352,764</u>	<u>9,318,391</u>
<i>Total 2018</i>	<u>7,275,532</u>	<u>385,881</u>	<u>1,656,978</u>	<u>9,318,391</u>	

9. EXPENDITURE ON RAISING FUNDS

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Trips and activities	31,597	31,597	24,635
Residential trips	72,861	72,861	84,398
Other costs	10,401	10,401	19,417
Fundraising costs	29,942	29,942	13,365
	<u>144,801</u>	<u>144,801</u>	<u>141,815</u>

In 2018 of expenditure on raising funds £nil was restricted and £141,815 was unrestricted.

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. CHARITABLE ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational Operations	<u>4,698,573</u>	<u>4,509,390</u>	<u>9,207,963</u>	<u>9,176,576</u>
<i>Total 2018</i>	<u>4,868,983</u>	<u>4,307,593</u>	<u>9,176,576</u>	

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	4,130,198	4,262,180
Educational Supplies	528,432	579,228
Staff Development	39,942	25,871
Staff Absence Insurance	-	1,704
	<u>4,698,573</u>	<u>4,868,983</u>

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. CHARITABLE ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	3,126,703	3,013,352
Depreciation	247,716	193,802
Catering	351,525	353,055
Maintenance of premises and equipment	145,247	140,686
Energy costs	103,230	95,237
Security & transport	29,939	29,431
Cleaning	36,292	21,703
Staff Absence Insurance	-	8,366
Rates	68,989	71,993
Insurance	53,332	49,660
Other support costs	25,430	21,440
Human resources, payroll & occupational health	28,470	23,138
Pension interest	113,000	107,000
ICT equipment	139,751	137,703
Governance costs	39,766	39,055
Amortisation	-	1,972
	<u>4,509,390</u>	<u>4,307,593</u>

11. GOVERNANCE COSTS

	2019 £	2018 £
Accountancy fees	1,995	1,820
Auditors' remuneration	13,005	14,500
Legal and professional fees	24,766	22,735
	<u>39,766</u>	<u>39,055</u>

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	247,716	195,652
Amortisation of intangible assets	-	1,973
Fees paid to auditors for:		
- audit	14,000	14,500
- other services	2,169	1,820
	14,169	17,113

13. STAFF COSTS

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	5,510,749	5,511,034
Social security costs	504,719	511,248
Pension costs	1,119,269	1,139,358
	7,134,737	7,161,640
Agency staff costs	70,119	61,018
Staff restructuring costs	52,045	52,874
	7,256,901	7,275,532

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	33,785	5,621
Severance payments	18,260	47,253
	52,045	52,874

b. Non-statutory/non contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payments totalling £18,260 (2018- three totalling £47,253).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. STAFF COSTS (CONTINUED)

c. Staff numbers

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

	2019 No.	2018 No.
Teaching staff	84	98
Admin and support	151	190
Management	1	1
	<u>236</u>	<u>289</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teaching staff	82	85
Admin and support	110	112
Management	1	1
	<u>193</u>	<u>198</u>

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	4	5
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	-	3
In the band £100,001 - £110,000	-	1
In the band £120,001 - £130,000	1	-
	<u>1</u>	<u>-</u>

Six of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme. During the year ended 31 August 2019 employer's pension contributions for these staff amounted to £93,157 (2018: £114,333).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. STAFF COSTS (CONTINUED)

e. Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £289,600 (2018: £285,673).

14. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2019	2018
		£	£
J H Smith, Chief Executive Officer and Accounting Officer	Remuneration	115,000 -	110,000 -
		120,000	115,000
	Pension contributions paid	15,000 -	15,000 -
		20,000	20,000
A Boustead	Remuneration	55,000 -	50,000 -
		60,000	55,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000

During the year ended 31 August 2019, expenses totalling £470 were reimbursed or paid directly to 1 Director (2018 - £396 to 1 Director). Expenses relate to mileage claims.

TUDHOE LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. CENTRAL SERVICES

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

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

The Trust charges for these services on the following basis:

These services are paid for by each school in the Trust based on a recharge of 4.8% of budgeted income.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Tudhoe Colliery Primary School	45,900	42,984
Acre Rigg Academy	77,447	57,499
Victoria Lane Academy	46,414	42,864
Stephenson Way Academy and Nursery	80,757	74,868
Dene House Primary School	68,547	64,779
Shield Row Primary School	45,377	43,908
South Hetton Primary School	52,957	50,017
TOTAL	417,399	376,919

16. 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 £2m on any one claim and the cost for the year ended 31 August 2019 was £10,448 (2018 - £9,665). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. INTANGIBLE ASSETS

	Computer licences £
Cost	
At 1 September 2018	39,422
Disposals	(39,422)
At 31 August 2019	<u>-</u>
Amortisation	
At 1 September 2018	39,422
On disposals	(39,422)
At 31 August 2019	<u>-</u>
Net book value	
At 31 August 2019	<u>-</u>
At 31 August 2018	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2018	12,334,141	1,030,918	250,989	264,445	13,880,493
Additions	-	829,123	50,586	69,718	949,427
Disposals	-	(10,200)	-	-	(10,200)
At 31 August 2019	<u>12,334,141</u>	<u>1,849,841</u>	<u>301,575</u>	<u>334,163</u>	<u>14,819,720</u>
Depreciation					
At 1 September 2018	420,120	51,345	91,971	153,479	716,915
Charge for the year	98,673	71,407	28,439	49,197	247,716
At 31 August 2019	<u>518,793</u>	<u>122,752</u>	<u>120,410</u>	<u>202,676</u>	<u>964,631</u>
Net book value					
At 31 August 2019	<u>11,815,348</u>	<u>1,727,089</u>	<u>181,165</u>	<u>131,487</u>	<u>13,855,089</u>
At 31 August 2018	<u>11,914,021</u>	<u>979,573</u>	<u>159,018</u>	<u>110,966</u>	<u>13,163,578</u>

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

19. STOCKS

	2019 £	2018 £
School supplies	<u>25,645</u>	<u>20,484</u>

TUDHOE LEARNING TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. DEBTORS

	2019 £	2018 £
Trade debtors	9,850	5,935
VAT recoverable	99,746	135,689
Prepayments and accrued income	444,330	281,281
	553,926	422,905

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other loans	9,524	9,841
Trade creditors	342	101,725
Other taxation and social security	120,695	119,840
Other creditors	107,642	107,961
Accruals and deferred income	798,827	471,683
	1,037,030	811,050
	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	109,852	102,654
Resources deferred during the year	102,345	109,852
Amounts released from previous periods	(109,852)	(102,654)
	102,345	109,852

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Other loans	<u>45,994</u>	<u>22,812</u>

Other loans represents four Salix loans in relation to Dene House Primary School, Victoria Lane Primary School and two at Shield Row Primary School.

The Salix loans are repayable over eight years via a deduction from future development capital income.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Designated Funds	85,511	-	-	33,141	-	118,652
General funds						
General Funds	171,223	366,581	(163,009)	(38,541)	-	336,254
Total unrestricted funds	256,734	366,581	(163,009)	(5,400)	-	454,906
Restricted general funds						
General Annual Grant (GAG)	144,603	6,983,281	(6,967,767)	(3,333)	-	156,784
Start up and improvement grant	89,888	-	-	5,400	-	95,288
Pupil premium	-	986,400	(986,400)	-	-	-
Higher educational needs	-	141,664	(141,664)	-	-	-
Early years funding	-	321,436	(321,436)	-	-	-
Universal free school meals	-	155,972	(155,972)	-	-	-
Other restricted funds	3,000	10,482	(13,482)	-	-	-
Teachers pay grant	-	51,124	(51,124)	-	-	-
Pension reserve	(4,268,000)	-	(275,000)	-	(1,479,000)	(6,022,000)
	(4,030,509)	8,650,359	(8,912,845)	2,067	(1,479,000)	(5,769,928)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Capital funds on conversion	11,217,670	-	(112,216)	-	-	11,105,454
Other capital funds	1,962,639	840,895	(133,671)	-	-	2,669,863
Capital expenditure from GAG	152,511	-	(31,023)	3,333	-	124,821
	<u>13,332,820</u>	<u>840,895</u>	<u>(276,910)</u>	<u>3,333</u>	<u>-</u>	<u>13,900,138</u>
Total restricted funds	<u>9,302,311</u>	<u>9,491,254</u>	<u>(9,189,755)</u>	<u>5,400</u>	<u>(1,479,000)</u>	<u>8,130,210</u>
Total funds	<u>9,559,045</u>	<u>9,857,835</u>	<u>(9,352,764)</u>	<u>-</u>	<u>(1,479,000)</u>	<u>8,585,116</u>

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

The Trust has made the decision to self insure and each school has paid into a central pot for staff absence insurance. This is represented by a designated fund of £80,786.

The Trust is also holding funds for payment of the pension deficit. The payments for this have been set for three years and were higher in year 1 and are lower in years 2 and 3. The Trust have calculated an average over the 3 year period and have invoiced each of the schools the same amount for each of the three years. The difference of £37,866 is therefore held on designated funds.

General annual grant - this is the money provided to the academy for normal school running costs and the carry forward amount is included within the 2019-2020 budget for expenditure in that year.

The start up and improvement grants brought forward were additional funding supplied upon conversion or help with the costs of conversion and for the improvement of the schools. A transfer has been made into this fund to correct expenditure allocations from a previous year.

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2019**

23. STATEMENT OF FUNDS (CONTINUED)

All grants have been fully spent.

The teachers pay grant has been used to fund increasing wages and pension contributions for teaching staff.

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 it could carry forward at 31 August 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Tudhoe Colliery Primary School	77,643	62,576
Acre Rigg Academy	163,351	148,955
Victoria Lane Academy	36,475	17,657
Stephenson Way Academy and Nursery	154,392	50,076
Dene House Primary School	15,453	2,103
Shield Row Primary School	(36,132)	(52,359)
South Hetton Primary School	(20,281)	47,480
Trust	316,077	217,737
Total before fixed asset funds and pension reserve	706,978	494,225
Restricted fixed asset fund	13,900,138	13,332,820
Pension reserve	(6,022,000)	(4,268,000)
Total	8,585,116	9,559,045

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Shield Row Primary School	36,132
South Hetton Primary School	20,281

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NOTES TO THE FINANCIAL STATEMENTS
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23. STATEMENT OF FUNDS (CONTINUED)

The deficit on Shield Row arose in a prior year and has decreased in the current year.

South Hetton has moved into deficit because of the draw on pension for an employee who was made redundant.

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

The Trust is holding £32,752 on a development grant for Shield Row and £31,536 for South Hetton these will be used to offset the deficit. The Trust has also set a surplus budget for the next academic year on Shield Row, further reducing the deficit in the next year.

Total cost analysis by academy

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 2019 £	Total 2018 £
Tudhoe Colliery Primary School	414,033	322,716	77,605	157,821	972,175	942,091
Acre Rigg Academy	705,680	303,395	91,922	189,877	1,290,874	1,264,695
Victoria Lane Academy	407,763	370,250	61,167	147,708	986,888	972,420
Stephenson Way Academy and Nursery	807,244	509,027	78,722	223,809	1,618,802	1,728,828
Dene House Primary School	670,338	566,396	58,713	157,346	1,452,793	1,453,589
Shield Row Primary School	497,636	286,800	60,513	133,769	978,718	954,151
South Hetton Primary School	479,846	440,610	62,074	178,256	1,160,786	1,129,150
Trust	147,658	327,509	37,717	131,128	644,012	677,691
Trust	4,130,198	3,126,703	528,433	1,319,714	9,105,048	9,122,615

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. STATEMENT OF FUNDS (CONTINUED)

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
Unrestricted funds						
Designated funds						
Designated Funds	-	-	-	85,511	-	85,511
General funds						
General Funds	241,324	453,843	(438,433)	(85,511)	-	171,223
Total unrestricted funds	241,324	453,843	(438,433)	-	-	256,734
Restricted general funds						
General Annual Grant (GAG)	125,498	6,764,305	(6,729,061)	(16,139)	-	144,603
Start up and improvement grant	110,888	-	(20,000)	(1,000)	-	89,888
Pupil premium	-	976,306	(976,306)	-	-	-
Higher educational needs	-	105,626	(105,626)	-	-	-
Early years funding	-	300,294	(300,294)	-	-	-
Universal free school meals	-	146,615	(146,615)	-	-	-
Other restricted funds	-	30,373	(27,373)	-	-	3,000
Pension reserve	(4,441,000)	-	(333,000)	-	506,000	(4,268,000)
	(4,204,614)	8,323,519	(8,638,275)	(17,139)	506,000	(4,030,509)

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23. STATEMENT OF FUNDS (CONTINUED)

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Restricted fixed asset funds						
Capital funds on conversion	11,331,886	-	(114,216)	-	-	11,217,670
Other capital funds	1,643,384	421,336	(98,029)	(4,052)	-	1,962,639
Capital expenditure from GAG	160,758	-	(29,438)	21,191	-	152,511
	<u>13,136,028</u>	<u>421,336</u>	<u>(241,683)</u>	<u>17,139</u>	<u>-</u>	<u>13,332,820</u>
Total restricted funds	<u>8,931,414</u>	<u>8,744,855</u>	<u>(8,879,958)</u>	<u>-</u>	<u>506,000</u>	<u>9,302,311</u>
Total funds	<u>9,172,738</u>	<u>9,198,698</u>	<u>(9,318,391)</u>	<u>-</u>	<u>506,000</u>	<u>9,559,045</u>

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	13,855,090	13,855,090
Current assets	1,394,526	342,309	98,215	1,835,050
Creditors due within one year	(932,620)	(97,237)	(7,173)	(1,037,030)
Creditors due in more than one year	-	-	(45,994)	(45,994)
Provisions for liabilities and charges	-	(6,022,000)	-	(6,022,000)
Total	<u>461,906</u>	<u>(5,776,928)</u>	<u>13,900,138</u>	<u>8,585,116</u>

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24. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Analysis of net assets between funds - prior year

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

25. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the year (as per statement of financial activities)	<u>505,071</u>	<u>(119,693)</u>
Adjustments for:		
Depreciation	247,716	195,775
Interest receivable	(622)	(748)
Increase in stocks	(5,161)	(451)
Increase in debtors	(131,021)	(102,405)
Increase in creditors	226,297	2,466
Capital grants from DFE and other capital grants	(840,895)	(416,284)
Defined benefit pension scheme finance cost	275,000	333,000
Adjust creditor re fixed assets	-	112,859
Net cash provided by operating activities	<u>276,385</u>	<u>4,519</u>

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26. CASH FLOWS FROM FINANCING ACTIVITIES

	2019 £	2018 £
Cash inflows from new borrowing	30,355	26,071
Repayments of borrowing	(7,492)	(4,211)
Net cash provided by financing activities	22,863	21,860

27. CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £	2018 £
Interest	622	748
Purchase of tangible fixed assets	(949,427)	(457,350)
Proceeds from the sale of tangible fixed assets	10,200	-
Capital grants from DfE Group	840,895	416,284
Net cash used in investing activities	(97,710)	(40,318)

28. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	1,255,478	1,053,940
Total cash and cash equivalents	1,255,478	1,053,940

29. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teachers' 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 latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £106,451 were payable to the schemes at 31 August 2019 (2018 - £105,446) and are included within creditors.

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29. PENSION COMMITMENTS (CONTINUED)

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The teachers' pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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29. PENSION COMMITMENTS (CONTINUED)

The employer's pension costs paid to TPS in the year amounted to £525,861 (2018 - £535,915).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £454,000 (2018 - £493,000), of which employer's contributions totalled £331,000 (2018 - £372,000) and employees' contributions totalled £ 121,000 (2018 - £121,000). The agreed contribution rates for future years are 16.2% per cent for employers and 5.5%- 12.5% per cent 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 total deficit in the Local Government Pension Scheme has increased due to an actuarial loss in the year. Full details are shown in the notes below however in summary the movement on the the fund is:

	£
Pension deficit at 1 September 2018	(4,268,000)
Actuarial loss in year	(1,479,000)
Pension cost	(162,000)
Finance cost	(113,000)
Pension deficit at 31 August 2019	(6,022,000)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/ inflation	2	2
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2	2

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

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29. PENSION COMMITMENTS (CONTINUED)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.3	23.3
Females	23.8	25
<i>Retiring in 20 years</i>		
Males	24	25.5
Females	25.7	27.3

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(305)	(233)
Discount rate -0.1%	313	239
Mortality assumption - 1 year increase	(392)	(257)
Mortality assumption - 1 year decrease	397	258
CPI rate +0.1%	175	134
CPI rate -0.1%	(172)	(132)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,882,376	2,280,470
Gilts	411,768	1,175,500
Corporate bonds	1,469,783	615,962
Property	669,123	319,736
Cash and other liquid assets	285,950	310,332
Total market value of assets	5,719,000	4,702,000

The actual return on scheme assets was £527,000 (2018 - £176,000).

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29. PENSION COMMITMENTS (CONTINUED)

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

	2019 £	2018 £
Current service cost	(574,000)	(598,000)
Past service cost	(1,000)	-
Interest cost	(113,000)	(107,000)
Total amount recognised in the statement of financial activities	(688,000)	(705,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
At 1 September	8,970,000	8,508,000
Current service cost	574,000	598,000
Interest cost	252,000	214,000
Employee contributions	123,000	121,000
Actuarial losses (gains)	1,867,000	(437,000)
Benefits paid	(46,000)	(34,000)
Past service costs	1,000	-
At 31 August	11,741,000	8,970,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	4,702,000	4,067,000
Interest income	139,000	107,000
Actuarial gains	388,000	69,000
Employer contributions	413,000	372,000
Employee contributions	123,000	121,000
Benefits paid	(46,000)	(34,000)
At 31 August	5,719,000	4,702,000

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30. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £
Not later than 1 year	16,047
Later than 1 year and not later than 5 years	35,595
	<u>51,642</u>

31. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

32. RELATED PARTY TRANSACTIONS

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

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

