

**TEESSIDE
LEARNING TRUST**

Aiming high... Daring to be great



**Freebrough
Academy**

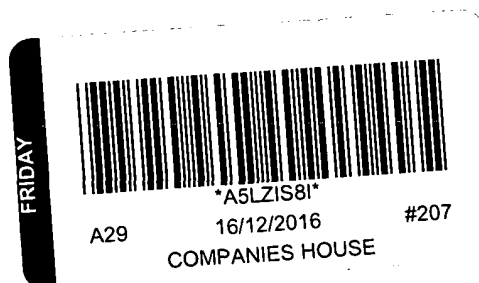
Teesside Learning Trust

**(formerly known as Teesside University Trust
for Academies (Freebrough Academy))**

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2016



**Company Registration Number: 07185357
(England and Wales)**

**Teesside Learning Trust (formerly known as Teesside University Trust for Academies
(Freebrough Academy))**

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Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Reference and administrative details

Having changed its name from Teesside University Trust for Academies (Freebrough Academy) to Teesside Learning Trust, with effect of 1 September 2016 all governance related matters now rests with the Trustees of Teesside Learning Trust.

Teesside Learning Trust from 1st September 2016.

Members	Prof. L. Holey+ (Chair) Mrs B. H. Ashton+ The Rev. Adam Gaunt Mr J. Baker+ (as Chair of Trustees) 1 vacancy
Trustees	Mr J. Baker+* (Chair) Mr J. Anthony+ Mr N. F. Anderson (appointed July 2016) Mrs L. Halbert+* (CEO) Mr A. D. Haslam (appointed October 2016) Mr C. Ingoe (appointed October 2016) Mrs K. Pink+* Mrs P. White+

The following were Members or Governors of Teesside University Trust for Academies (Freebrough Academy) until 1 September 2016 but are not Members or Trustees of Teesside Learning Trust thereafter;

Members:	Mr D. Heaton (Chair) Mr. A. Mackenzie (resigned December 2015) Dr. M. Simpson Dr. S. Stobart
Governors:	Ms J.A. Burton (resigned December 2015) Mr J. Chance Ms S. Grady (appointed March 2016) Ms P. Gunner (resigned December 2015) Mrs A. Holmes (Staff Governor) Ms S. McAllum* Mrs R. Newton (staff Governor appointed Feb 2016) Mr G. Cameron (Staff Governor resigned Dec 2015) Ms A. Shaffi + Previously governor of Teesside University Trust for Academies (Freebrough Academy) * Members of the Resources, Employment and Finance Committee, Teesside University Trust for Academies (Freebrough Academy)
Secretary:	Mr G. Singh (resigned August 2016)

**Teesside Learning Trust (formerly known as Teesside University Trust for Academies
(Freebrough Academy))**

Reference and administrative details (continued)

Senior Management Team:
Deputy Principal (Resources)
Deputy Principal
Principal
Assistant Principal
Assistant Principal
Assistant Principal
Assistant Principal
Assistant Principal
HR Director

Mrs J. Foxton
Mrs D. Butcher
Mrs R. Prentice
Mr R. Donnison
Mr D. Forteath
Mr J. Hukin
Mrs H. Porter
Mr A. Bell
Mrs C. Druery

Registered Office
prior to 1 September 2016:

Teesside University
Middlesbrough
TS1 3BA

From 1 September 2016

Teesside Learning Trust
Freebrough Academy
Linden Road
Brotton
Saltburn by the Sea
TS12 2SJ

Company Registration Number:

07185357

Independent Auditor:

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Bankers:

NatWest
Sheffield City Centre
42 High Street
Sheffield S1 1QG

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Trustees Report

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves as both a Trustees report and a Directors' report under company law.

The Trust operates an Academy for students aged 11 to 18 serving a catchment area in East Cleveland. It has a student capacity of 1,000 11-16 and had a roll of 655 in the school census in October 2015. It also has capacity for 100 students in its post 16 provision, at October 2015 census there were 38 students on roll.

During 2016 Teesside University made known its intentions to withdraw from sponsorship of Teesside University Trust for Academies (Freebrough Academy) and committed to assisting the Academy to a satisfactory outcome. In June 2016 the Regional Schools Commissioner gave permission to Teesside University Trust for Academies (Freebrough Academy) to establish Teesside Learning Trust as a Multi-Academy Trust (MAT) and later the same month gave approval for the MAT to sponsor Thornaby Academy. Under legal advice in July 2016 there were constitutional changes made to the membership and governor structure to allow Teesside Learning Trust to set up its MAT governance structure; agreements were signed to transfer 'ownership' of Teesside University Trust for Academies (Freebrough Academy) to Teesside Learning Trust. The changes in members, trustees and 'local governors' is as detailed on page 1.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees who oversee the charitable activities of Teesside Learning Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Teesside Learning Trust.

Details of the governors who served throughout the period for Teesside University Trust for Academies (Freebrough Academy) are included in the Reference and Administrative Details on page 1. Page 1 also details the members and Trustees of Teesside Learning Trust.

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.

Trustees Indemnities

Every Trustee of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Principal Activities

The main characteristics of the Academy are that it has a broad curriculum with an emphasis on, but not limited to, Engineering and Business and Enterprise and provides education for students of different abilities who are mainly drawn from the area in which the Academy is situated.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Trustees Report (continued)

It sees its other principal activities and characteristics as,

- being an all ability and inclusive Academy;
- being at the heart of the community, sharing facilities with other schools and the wider community;
- providing assessment in the core subjects at key stage 3, and the opportunity to study for external qualifications;
- following an admissions policy in accordance with admissions law; and
- having an emphasis on the needs of individual students.

Method of Recruitment and Appointment or Election of Governors (prior to the transfer to Teesside Learning Trust on 1 September 2016)

Membership is determined in accordance with the composition set out in Article 12. This states the Academy Trust is comprised as follows:

- a) the Principal Sponsor;
- b) up to four persons appointed by the Principal Sponsor;
- c) one person appointed by the Secretary of State;
- d) the Chair of the Governors; and
- e) any person appointed under Article 16 (this relates to Members who agree unanimously in writing to appoint such Additional Members as they think fit and may unanimously, in writing, agree to remove any such Additional Members).

The persons listed above who are entitled to appoint Members shall also have right to remove other Members by written notice.

The number of Governors at any one time shall not be less than three and should not be subjected to any maximum. Article 46 sets out how the Academy Governing Body shall be constituted. This is as follows:

- a. up to five sponsor Governors;
- b. up to three Governors to be appointed by the Educational Co-sponsor;
- c. one Governor to be appointed by Redcar and Cleveland Borough Council in its capacity as Co-Sponsor;
- d. up to three Governors to be appointed by the Principal Sponsor in consultation with the Co-Sponsors;
 - One of whom shall be a representative of the teaching staff of the Academy.
 - One of whom shall be a representative of the support staff of the Academy.
 - One of whom shall be a representative of the Education Partner.
- e. one Local Authority Governor if appointed;
- f. one Parent Governor;
- g. the Principal; and
- h. the Secretary of State may also appoint additional governors if they see fit (this will be under exceptional circumstances).

Appointment of Governors

- The Principal Sponsor is responsible for appointing the Sponsor Governors and may appoint himself/herself as the Sponsor Governor.
- The Educational Co-Sponsors are responsible for appointing representative Governors in accordance with the provision of Articles 46 b, c and d.
- The Local Authority may appoint the Local Authority Governor.
- The Principal should be treated for all purposes as being an ex-officio Governor.

The term of office of any Governor shall be four years. This limit shall not apply to the Principal or the Principal Sponsor. Notwithstanding this, any Governor may be re-appointed or re-elected.

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Trustees Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

An induction programme for new Trustees is currently being formalised. During the year governors attended training on basic governors training, safeguarding, SEN governor support and challenge, and Ofsted inspection and expectations. Key governors have also received training on roles, responsibilities and accountability of governance.

Organisational Structure

The business of the Academy shall be managed by the Trustees who may exercise all the powers of the Academy Trust. In addition to the Academy Trust powers, the Trustees have the power to:

- a) Expend the funds of the Academy Trust in such manner as they consider most beneficial for the achievement of the objects and invest in the name of the Academy Trust such part of the funds as they may seem fit.
- b) Enter into contracts on behalf of the Academy Trust.

In the exercise of their powers and functions, the Trustees may consider any advice given by the Principal and any other Executive Officers.

In addition to the governing body there are two committees, Resources Employment and Finance Committee (REF) and Children, Families and Community Committee.

The Committees have the following responsibilities:

- To receive reports from members of staff about matters relating to any of the issues listed in their terms of reference.
- To respond to relevant issues in the Auditor's report.
- To respond to relevant issues in the Ofsted report.
- To develop policies and plans that will help the Academy to achieve the following outcomes:
 - Stay safe.
 - Be healthy.
 - Enjoy and achieve.
 - Make a positive contribution.
 - Achieve economic wellbeing.
- To monitor and evaluate at required intervals the policies allocated to them, making recommendations to the full Governing Body.

Operational management of the Academy is the role of Principal and the Senior Leadership Team. The Strategic Leadership Team is a core of four which comprises the Principal, two Deputy Principals and the Deputy Principal (Resources) with a wider leadership team extending to four Assistant Principals with curriculum management and Special Educational Needs responsibilities (SEN), and an HR Director. The Principal has the role of Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Academy follows the Pay Policy which is approved annually by the Board of Trustees. Performance related pay decisions within an individual's existing scale are determined in accordance with the Pay Policy and Performance Management Policy. These decisions are considered and ratified by the Pay Review Committee.

The salary for new posts at a key management level will be considered and approved by the staffing committee, taking in to account information relating to salary & benefits benchmark data, profession specific scales, regional salary trends and market forces. The aim is to achieve a balance between fair pay to competitively attract and retain appropriately qualified staff and value for money, to effectively support the Academy.

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Trustees Report (continued)

Related Parties and other Connected Charities and Organisations

Teesside University, lead sponsor of the Academy, provides some HR services. Redcar College, educational co-sponsor of the Academy provides educational provision for some students. Redcar and Cleveland Borough Council is a co-sponsor of the Academy and provides SLA's for some services including health and safety, energy management, cyclical maintenance, free school meals administration, and educational psychological service. These services have been provided historically and are systematically reviewed for value for money.

Objectives and Activities

Objects and Aims

The principal objective of the Academy is to establish, maintain, manage and develop a school offering a broad curriculum with a strong emphasis on, but not limited to, Engineering and Business and Enterprise. The Academy currently provides education to 11-18 year olds.

Objectives, Strategies and Principal Activities

The main objectives of the Academy during 2015/16 are summarised below;

- improve attainment for all learners in all subjects with a particular focus on Science, Technology, Engineering and Maths (STEM) so that achievement exceeds national levels;
- close attainment gaps at all key stages for Disadvantaged, Higher Achieving Pupils (HAP), and SEN students;
- specific attainment targets have been set including:
 - 60% A*-C including English and maths
 - 69% A*-C English
 - 64% A*-C maths
 - Progress 8 score of 0.01;
- maintain the quality of teaching as all good or better;
- develop the Learner Effectiveness Programme (LEEP) to further embed the Teacher Effectiveness Programme (TEEP);
- continue to improve the quality of behaviour for learning, reducing the levels of permanent and fixed-term exclusions and improving the quality of behaviour in social and outdoor spaces;
- reduce fixed term exclusions;
- continue to improve the levels of attendance and reduce persistent absenteeism (PA) to at least national levels;
- further develop the Post 16 provision so that it is judged as good or better; and
- further develop external partnerships to support improved outcomes for students.

Public Benefit

The Academy Trust Trustees confirm they have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising its powers and duties.

Strategic Report

Achievements and Performance

The achievements for 2015/16 are summarised below:

- Improvements were seen in STEM subjects of science, technology and engineering with a slight dip in progress in mathematics.
- The Attainment 8 score for 2016 is 47.3 (D+) is a 7.4 improvement compared to 2015 where the attainment 8 score was E (39.9).

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Trustees Report (continued)

- The Progress 8 score is -0.12 which means that on average, taking subjects from the three buckets, students are making progress in line with than national averages (-0.03). This is an improvement compared to 2015, when the progress score was -0.6.
- The percentage of students achieving English and Maths is 47.3%; English achieved 73.7% (69.4%: 2015) and maths 50.4% (52.1%: 2015).
- In terms of A*/A maths achieved 7.5% which is a 6% increase compared to 2015; English achieved 20.3% A*/A.
- The number of students who achieved 3A*/A was 23.3% which is a 10.8% improvement when compared to 2015.
- We had 100% pass rate for students studying Ebacc (8% of the cohort).
- In terms of DA students outcomes overall the gaps have narrowed in 2016. The Attainment 8 score has a gap of 11.7 (in 2015: 15.8).
- In terms of Progress 8 the gap is 0.7; Progress 8 score for disadvantaged students (DA) is -0.37 (in 2015:-1). There is a 26.9% (2015:33.3) gap between DA and other students for % achieving English and maths. English 27.1% gap (2015:33.3%); maths 23.4% gap (2015:29.2%).
- For the following subjects DA v OTHER gaps are below 10% for expected levels of progress:

Subject			
Enterprise and Entrepreneurship	0.0	Art & Design	6.3
Statistics	0.5	Textiles	8.3
Biology	1.7	Business	9.3
Chemistry	1.7		
Geography	3.8		
French	5.7		
Health & Social Care	5.8		

- All unsatisfactory teaching has been eradicated, 95% of teaching was judged as good or outstanding in July 2016, an improvement of 83% since the start of the Academy in 2010;
- A positive attitude to learning is vital to the students of the Academy if they are to become successful learners. Using the Teacher Effectiveness Enhancement Programme (TEEP) model as a starting point the Academy supports each student in becoming the best learner they can be. We achieve this through developing effective learner behaviours. Students are graded as an 'Expert, Advanced, Developing or Potential Learner.' Eligibility is assessed termly. We currently have 59% of the Academy graded as an Advanced or Expert Learner which is an increase on 9% in the academic year 13/14. The criteria used to judge Expert Learner status is made more challenging each year which challenges the students whilst making clear our expectations. Whilst we aim to ensure all Academy staff are trained to at least TEEP level 2, we are also developing our learners through our LEEP programme. The Learner Effective Enhancement Programme will support students in developing the key characteristics required to be independent and resilient lifelong learners equipping them with the skills required to overcome difficulties both inside and outside the classroom.
- There were no permanent exclusions in the year (4 in 2010/11). Fixed term exclusions increased to 88 occasions (70 in 2015/16), but involved the same number of students (45). Positive strategies such as a policy consistently applied, on-call rooms offering a consistent and calming environment and training for staff in behaviour management have all contributed to the improved culture and climate within the Academy where the majority of students are well motivated and display good and outstanding behaviour;
- Internal truancy is rare in the Academy due to the development of more specialist provision for students who struggle with a full timetable;
- The level of student attendance decreased slightly to 92.6% (93.3% 2014/15), against a national average of 94.8%. Persistent absence (PA) was 18% at the new 90% threshold (15.8% in 2014/15), there is as yet no national average;

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Trustees Report (continued)

- The Post 16 curriculum offers level 3 qualifications in Creative Media Production, Engineering, Peter Jones Enterprise and Entrepreneurship and Health and Social Care, level 2 qualifications in Health and Social Care, and A levels in Maths, Product Design and Human Biology. 36 students were recruited to year 12 in September 2015, 38 students currently studying Post 16;
- The Academy continues to be a hub for the community and has hosted the regional Duke of Edinburgh awards evening, Coastal View awards evening and district guide events as well as hosting weekly meetings for scout and guide groups, army and police cadets and a Friday Youth Club. Various other groups also access the excellent sports facilities;
- The Academy has engaged in various partnerships, it is a member of the East Cleveland Trust, Education Improvement Partnership (EIP), and The Principal chairs both groups. The Principal is vice-chair of the Brotton Improvement Group. Members of the senior leadership team, including the Principal, are governors at local schools offering support and cementing relationships.

Key Financial Performance Indicators

Most of the Academy's income is received from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 18. Detail of all grants and income received can be found in note 17.

During the period ended 31 August 2016 expenditure amounting to £5,070,000 was incurred or accrued. This was largely offset by grants receivable from the EFA, Local Authority grants and other funds.

Going Concern

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

Financial Review

The Academy made an operating deficit of £674,000 in the period, and a net decrease in funds of £1,983,000 after FRS 102 pension adjustments. Fund balances at 31 August 2016 were £12,481,000 comprising restricted reserves of £12,189,000 and unrestricted reserves of £292,000.

Total income in the year was £4,622,000, of which £4,267,000 (92%) came from EFA revenue grants and £355,000 (8%) from other sources. As the majority of the grant income is student number driven it is imperative that recruitment and retention levels are maintained, or increased over time.

Reserves Policy

The Resources, Employment and Finance Committee have agreed that the Academy should aim to carry forward a prudent level of resources designed to meet a long-term cyclical need of renewal and any unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA.

It was also agreed that the Academy should have a medium term target to build up a level of reserves (both restricted, i.e. GAG, and unrestricted) which equated to approximately 3 months' working capital, (£1,200,000).

Total reserves (restricted and unrestricted) at 31 August 2016 were (£1,615), (excluding the premises gifted from the local authority and PFS), £452,000 before the pension reserve.

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Trustees Report (continued)

Investment Policy

If the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis and need Governing Body approval.

Principal Risks and Uncertainties

The Academy considers all risks and is working alongside the Governing Body to create a robust system, which negates any risks identified. Trustees have assessed the major risks to which the Academy is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

The risk register of the Academy continues to be developed with Trustees but major risks facing the Academy have been reviewed during the year. As the majority of income received by the Academy is student number driven it is imperative that strategies are in place to secure recruitment from a, currently, demographically fluctuating available year 6 cohort (for example increase of 24 for September 2017, decrease of 22 for September 2020). Achievement of the action plan below should secure intake at the required level, community confidence is still growing.

Plans for Future Periods

The Academy has clear priorities for achievement in 2016/17:

- improve progress 8 score to 0.5. Progress 8 is the National measure for all schools;
- close attainment gaps at all key stages for Disadvantaged, Higher Achieving Pupils (HAP), and SEN students;
- specific attainment targets have been set using the new attainment 8 target including:
 - 45.2% level 9-4 including English and maths
 - 84.3% level 9-4 English
 - 47.0% level 9-4 maths
 - Progress 8 score of 0.01;
- maintain the quality of teaching as all good or better, with at least 50% being outstanding;
- continue to develop the Learner Effectiveness Programme (LEEP) to further embed the Teacher Effectiveness Programme (TEEP);
- continue to improve the quality of behaviour for learning, reducing the levels of permanent and fixed-term exclusions and improving the quality of behaviour in social and outdoor spaces;
- reduce fixed term exclusions;
- continue to improve the levels of attendance to at least 96% and reduce persistent absenteeism (PA) to below 5%;
- further develop the Post 16 provision so that it is judged as good or better; and
- further develop external partnerships to support improved outcomes for students, including with all schools joining Teesside Learning Trust.

**Teesside Learning Trust (formerly known as Teesside University Trust for Academies
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Trustees Report (continued)

Auditor

In so far as the Trustees are aware:

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

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Trustees Report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors on 7 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Baker', with a small 'Z' or flourish underneath.

Mr J Baker
Chair, Teesside Learning Trust

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Teesside University Trust for Academies (Freebrough Academy) 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 Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Teesside University Trust for Academies (Freebrough Academy) and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The Governing Body has formally met four times during the year. Attendance during the year ended 31 August 2016 at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Ms L. Holey	4	4
Ms B.H. Ashton	2	4
Mr J. Anthony	2	4
Mr J. Baker	3	4
Ms J.A. Burton	1	2
Mr G. Cameron	0	2
Mr J. Chance	3	4
Ms S. Grady	2	2
Ms P. Gunner	1	2
Ms L. Halbert	4	4
Ms A. Holmes	3	4
Ms S. McCallum	4	4
Ms K. Pink	4	4
Mrs R. Newton	2	4
Ms A. Shaffi	1	4
Ms P. White	4	4

The Resources, Employment and Finance Committee (REF) is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. Major issues are referred to the full Governing Body for ratification.

Attendance at meetings during the year was as follows:

Governor	Meetings attended	Out of a possible
Mr J. Baker	3	3
Ms S. McCallum	2	3
Mrs L. Halbert	2	3
Ms K. Pink	3	3

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Governance Statement (continued)

Review of Value for Money

As accounting officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where available.

The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Retendering alarm and CCTV maintenance contract, saving of £4,500 per annum
- Retendering personal hygiene contract, saving of £1,200 per annum
- Retendering printer contract, saving of £4,500 per annum
- Maintaining a contracts (SLA) register which is used as a vehicle to inform the budget and managers of commitments in a timely manner to ensure all contracts are appraised for need or renegotiated to get the best mix of quality and effectiveness. Contracts have been renegotiated to ensure reduced cost where it was felt that this would benefit the Academy, for example IT licences, grounds maintenance, cyclical maintenance and alarms maintenance.
- Orders for goods and services are placed by the finance department and value for money is always considered when placing the order regardless of cost. A register identifies savings made at the time of ordering. Savings are made through experience and knowledge of suppliers, use of available discount codes and from negotiation with key suppliers.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Teesside University Trust for Academies (Freebrough Academy) for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

The Academy 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 Governing Body;

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Governance Statement (continued)

- regular reviews by the Resource Employment and Finance 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; and
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed a Trustee, Ms K Pink, as Responsible Officer (RO). They have in turn contracted the giving of advice on financial matters and performing a range of checks on the Academy Trust's financial systems to KPMG LLP, independently of their role as financial auditor. Termly reviews have been performed and the results reported to the Governing Body. The Responsible Officers role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

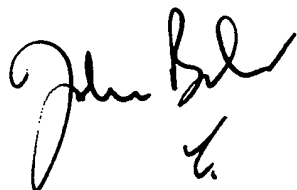
- testing of payroll systems
- testing of purchase and sales systems
- testing of control account and bank reconciliations
- testing of management accounts and reporting of variances

Review of Effectiveness

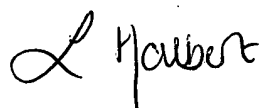
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

Approved by order of the members of the Governing Body on 7 December 2016 and signed on its behalf by:



Mr J. Baker
Chair, Teesside Learning Trust



Mrs L. Halbert
Accounting Officer

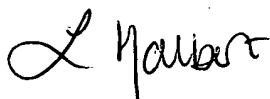
**Teesside Learning Trust (formerly known as Teesside University Trust for Academies
(Freebrough Academy))**

Statement on Regularity, Propriety and Compliance

As accounting officer of Teesside University Trust for Academies (Freebrough Academy) I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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.

I confirm that I and the Academy Trust Governing Body are able to identify any material, irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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 Trustees and to the EFA.



Mrs L. Halbert
Accounting Officer

7 December 2016

**Teesside Learning Trust (formerly known as Teesside University Trust for Academies
(Freebrough Academy))**

Statement of Trustees Responsibilities

The Trustees (who act as trustees for the charitable activities of Teesside Learning Trust), and are also the directors of the Charitable Company for the purposes of company law), are responsible for preparing the Trustees report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

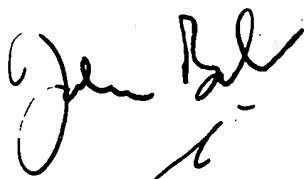
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

Approved by order of the members of the Governing Body on 7 December 2016 and signed on its behalf by:



Mr J. Baker
Chair, Teesside Learning Trust

Independent auditor's report to the members of Teesside Learning Trust (formerly Teesside University Trust for Academies (Freebrough Academy))

We have audited the financial statements of Teesside Learning Trust (formerly Teesside University Trust for Academies (Freebrough Academy)) for the year ended 31 August 2016 set out on pages 20 to 39. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees Responsibilities set out on page 15, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Mick Thompson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

7 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Teesside Learning Trust (formerly Teesside University Trust for Academies (Freebrough Academy)) and the Education Funding Agency

In accordance with the terms of our engagement letter dated 28 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 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 Teesside Learning Trust (formerly Teesside University Trust for Academies (Freebrough Academy)) (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

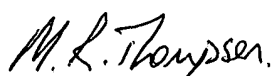
- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2015
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mick Thompson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 Quayside House
 110 Quayside
 Newcastle Upon Tyne
 NE1 3DX

7 December 2016

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

**Statement of Financial Activities
for the year ended 31 August 2016
(including Income and Expenditure Account)**

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	-	-	16	16	17
Charitable activities:						
Funding for the Academy Trust's educational operations	4	-	4,318	-	4,318	4,444
Other Trading Activities	5	284	-	-	284	233
Investment Income	6	4	-	-	4	5
Total income		288	4,318	16	4,622	4,699
Expenditure on:						
Charitable activities:						
Academy Trust educational operations	8	323	4,799	174	5,296	5,098
Total expenditure		323	4,799	174	5,296	5,098
Net expenditure		(35)	(481)	(158)	(674)	(399)
Transfers between funds		-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	(1,309)	-	(1,309)	38
Net movement in funds		(35)	(1,790)	(158)	(1,983)	(361)
Reconciliation of funds						
Total funds brought forward		327	(274)	14,411	14,464	14,825
Total funds carried forward		292	(2,064)	14,253	12,481	14,464

All of the Academy Trusts' activities derive from continuing operations during the above two financial periods.

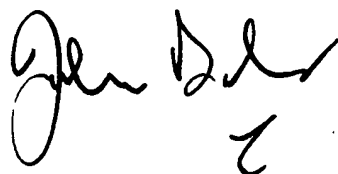
Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

**Balance Sheet
as at 31 August 2016**

Company Number 07185357

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	12		14,162		14,313
Current assets					
Stock	13	13		13	
Debtors	14	199		215	
Cash at bank and in hand	21	708		990	
		<u>920</u>		<u>1,218</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(534)</u>		<u>(375)</u>	
Net current assets			<u>386</u>		<u>843</u>
Total assets less current liabilities			<u>14,548</u>		<u>15,156</u>
Creditors: Amounts falling due after more than one year			<u>-</u>		<u>-</u>
Net assets excluding pension liability			<u>14,548</u>		<u>15,156</u>
Defined benefit pension scheme liability	24	<u>(2,067)</u>		<u>(692)</u>	
Total assets			<u>12,481</u>		<u>14,464</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	14,253		14,411	
Restricted income fund	16	3		418	
Pension reserve	16	<u>(2,067)</u>		<u>(692)</u>	
Total restricted funds			<u>12,189</u>		<u>14,137</u>
Unrestricted income funds	16		<u>292</u>		<u>327</u>
Total funds			<u>12,481</u>		<u>14,464</u>

The financial statements on pages 20 to 39 were approved by the Trustees, and authorised for issue on 7th December 2016 and are signed on their behalf by:



Mr J. Baker
Chair, Teesside Learning Trust

Company Number: 07185357

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

**Statement of Cash Flows
for the year ended 31 August 2016**

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash used in operating activities	19	(279)	(396)
Cash flows from investing activities	20	(3)	16
Change in cash and cash equivalents in the reporting period		<u>(282)</u>	<u>(380)</u>
Cash and cash equivalents at 1 September 2015		990	1,370
Cash and cash equivalents at the 31 August 2016	21	<u>708</u>	<u>990</u>

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the period ended 31 August 2016

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy)) meets the definition of a public benefit entity under FRS 102.

Going Concern

The Trustees 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 company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the academy 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 period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.
- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.
- **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.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1 Statement of Accounting Policies (Continued)

Income (Continued)

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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 is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

• Freehold buildings	125 years
• Long leasehold buildings	10 years
• Fixtures, fittings and equipment	4 years
• ICT hardware	2 years
• ICT Infrastructure	10 years
• Motor Vehicles	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1 Statement of Accounting Policies (Continued)

Liabilities

Liabilities 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 Academy 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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy 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 Academy 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.

Pensions Benefits

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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1 Statement of Accounting Policies (Continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the governors.

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

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

Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2016.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Developed Capital Grants	-	16	16	17
	<u>-</u>	<u>16</u>	<u>16</u>	<u>17</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
. General Annual Grant (GAG) (note 2)	-	3,928	3,928	4,037
. Start Up Grant A	-	31	31	3
. Start Up Grant B	-	-	-	-
. Pupil Premium	-	308	308	335
	<u>-</u>	<u>4,267</u>	<u>4,267</u>	<u>4,375</u>
Other Government grants				
. School Standard Fund	-	51	51	69
. Special educational projects	-	-	-	-
	<u>-</u>	<u>51</u>	<u>51</u>	<u>69</u>
	<u>-</u>	<u>4,318</u>	<u>4,318</u>	<u>4,444</u>

5 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	25	-	25	27
Catering Income	118	-	118	112
Uniform Sales	6	-	6	11
School Trips	14	-	14	24
Other Income	121	-	121	59
	<u>284</u>	<u>-</u>	<u>284</u>	<u>233</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	4	-	4	5
	<u>4</u>	<u>-</u>	<u>4</u>	<u>5</u>

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2016	2015
	£000	£000	£000	£000	£000
Academy's educational operations:					
· Direct costs	3,194	-	373	3,567	3,315
· Allocated support costs	801	373	555	1,729	1,783
	3,995	373	928	5,296	5,098

Net expenditure for the period includes:

	2016	2015
	£000	£000
Operating lease rentals	25	18
Depreciation	174	239
Fees payable to auditor for:		
- audit	9	9
- other services	2	2

8 Charitable Activities

	Total	Total
	2016	2015
	£000	£000
Direct costs – educational operations	3,567	3,315
Support costs – educational operations	1,729	1,783
	5,296	5,098

Analysis of support costs

	Total	Total
	2016	2015
	£000	£000
Support staff costs	801	768
Depreciation	174	239
Technology costs	78	101
Premises costs	373	401
Other support costs	272	245
Governance costs	31	29
Total support costs	1,729	1,783

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	3,016	2,850
Social security costs	249	212
Operating costs of pension schemes	466	397
	3,731	3,459
Supply staff costs	248	167
Staff restructuring costs	16	12
	3,995	3,638
Staff restructuring costs comprise:		
Severance payments	16	12
	16	12

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are two non-statutory/non-contractual severance payment totalling £15,683, one for £12,000 and one for £3,683 (2015: one for £12,000).

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2016 No.	2015 No.
Teachers	45	43
Administration and support	51	48
Management	9	8
	105	99

d Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	2	-
£110,001 - £120,000	1	1

e Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer NI and pension contributions) received by key management personnel for their services to the academy trust was £758,492 (2015: £674,635).

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

10 Related Party Transactions - Trustees and Governors Remuneration and Expenses

One or more Trustees (or Governors of Freebrough Academy prior to 1 September 2016) has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff trustees 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 this remuneration and other benefits was as follows:

L Halbert (CEO and Trustee):

- . Remuneration £110,000 - £115,000 (2015: £110,000 - £115,000)
- . Employer's pension contributions paid £15,000 - £20,000 (2015: £15,000 - £20,000)

A Holmes (Staff Governor):

- . Remuneration £20,000 - £25,000 (2015: £20,000 - £25,000)
- . Employer's pension contributions paid £0 - £5,000 (2015: £0 - £5,000)

Rachael Hooker (Staff Governor):

- . Remuneration £20,000 - £25,000 (2015: £0) Governor from 29 February 2016
- . Employer's pension contributions paid £0 - £5,000 (2015: £0)

Clare Parker (Staff Governor):

- . Remuneration £0 (2015: £20,000 - £25,000) Governor to 9 February 2016
- . Employer's pension contributions paid £0 (2015: £0 - £5,000)

Gordon Cameron (Staff Governor):

- . Remuneration £15,000 - £20,000 (2015: £15,000 - £20,000) Governor to 03 January 2016
- . Employer's pension contributions paid £0 - £5,000 (2015: £0 - £5,000)

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

12 Tangible Fixed Assets

	Freehold Land and Buildings	Furniture and Equipment	Computer Hardware	Total
	£000	£000	£000	£000
Cost				
At 1 September 2015	14,692	324	658	15,674
Additions	11	3	9	23
Disposals	-	-	-	-
At 31 August 2016	14,703	327	667	15,697
Depreciation				
At 1 September 2015	559	146	656	1,361
Charged in year	122	46	6	174
Disposals	-	-	-	-
At 31 August 2016	681	192	662	1,535
Net book values				
At 31 August 2015	14,133	178	2	14,313
At 31 August 2016	14,022	135	5	14,162

13 Stock

	2016 £000	2015 £000
Clothing	7	8
Stationery	2	2
Premises	1	1
Catering	3	2
	13	13

14 Debtors

	2016 £000	2015 £000
Trade debtors	9	4
VAT recoverable	38	26
Accrued Income	58	88
Prepayments	94	97
	199	215

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

15 Creditors: Amounts Falling due within one year

	2016 £000	2015 £000
Trade creditors	74	64
Other taxation and social security	70	62
Other creditors	56	48
Accruals and deferred income	334	201
	534	375
Deferred income	2016 £000	2015 £000
Deferred income at 1 September 2015	37	55
Released from previous years	(37)	(55)
Resources deferred in the year	255	37
Deferred Income at 31 August 2016	255	37

At the balance sheet date the Academy Trust was holding funds received in advance for 'Recycled' Bursary, Devolved Formula Capital funding, rates relief and catering income. The appropriate proportion of the funding has been deferred.

16 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	316	4,236	(4,549)	-	3
Start Up Grant	102	31	(133)	-	-
Other grants	-	51	(51)	-	-
Pension reserve	(692)	-	(66)	(1,309)	(2,067)
	(274)	4,318	(4,799)	(1,309)	(2,064)
Restricted fixed asset funds					
DfE/EFA capital grants	35	16	(16)	-	35
Premises gifted from LA	14,095	-	(122)	-	13,973
Partnership for Schools (PFS)	223	-	(36)	-	187
Capital expenditure from GAG	15	-	-	-	15
Other capital expenditure from revenue funding	43	-	-	-	43
	14,411	16	(174)	-	14,253
Total restricted funds	14,137	4,334	(4,973)	(1,309)	12,189
Total unrestricted funds	327	288	(323)	-	292
Total funds	14,464	4,622	(5,296)	(1,309)	12,481

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

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

The Start Up grants must be used to support additional temporary costs for a period after the Academy opens.

The Devolved Capital Grant is paid to support the cost of minor capital works and ICT replacement.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	46	14,116	14,162
Current assets	308	466	146	920
Current liabilities	(16)	(509)	(9)	(534)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(2,067)	-	(2,067)
Total net assets	292	(2,064)	14,253	12,481

18 Commitments under operating leases

Operating Leases

At 31 August 2016 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	20	20
Amounts due between one and five years	58	-
Amounts due after five years	-	-
	78	20

19 Reconciliation of Net expenditure to Net Cash Flow from Operating Activities

	2016 £000	2015 £000
Net expenditure for the reporting period (as per the statement of financial activities)	(674)	(399)
Adjusted for:		
Depreciation charges (note 12)	174	239
Capital grants from DfE and other capital income	(16)	(17)
Interest receivable (note 6)	(4)	(5)
Defined benefit pension scheme cost less contributions payable (note 24)	42	53
Defined benefit pension scheme finance cost (note 24)	24	22
Decrease in stocks	-	2
Decrease/(Increase) in debtors	16	(53)
Increase/(decrease) in creditors	159	(238)
Net cash used in Operating Activities	(279)	(396)

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

20 Cash Flows from Investing Activities	2016	2015
	£000	£000
Dividends, interest and rents from investments	4	5
Purchase of tangible fixed assets	(23)	(6)
Capital grants from DfE/EFA	16	17
Net cash (used in)/provided by investing activities	(3)	16

21 Analysis cash and cash equivalents	At 31 August	At 31 August
	2016	2015
	£000	£000
Cash in hand and at bank	708	990
Total cash and cash equivalents	708	990

22 Contingent Liabilities

There are no contingent liabilities to report.

23 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 £10 for the debts and liabilities contracted before he/she ceases to be a Member.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

24 Pension and Similar Obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Teesside Pension Fund. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £57,120 (2015: £48,081) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the period amounted to £282,112. (2015: £237,934).

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

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

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

24 Pension and Similar Obligations (continued)

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 2016 was £163,000 (2015: £161,000), of which employer's contributions totalled £114,000 (2015: £114,000) and employees' contributions totalled £49,000 (2015: £47,000). The agreed contribution rates for future years are 14.6% per cent for employers and a variable rate 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.

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.40%	3.50%
Rate of increase for pensions in payment/inflation	3.00%	3.10%
Discount rate for scheme liabilities	2.00%	3.80%
Inflation assumption (CPI)	1.90%	2.00%
Inflation assumptions (RPI)	3.00%	3.10%
Rate of increase to deferred pensions	1.90%	2.00%
Rate of revaluation of pension accounts	1.90%	2.00%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	25.3	25.5
Females	28.0	27.8

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

The Academy's share of assets in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	2,138	1,669
Debt instruments	40	66
Property	183	126
Cash	145	130
Other	-	36
Total market value of assets	2,506	2,027

The actual return on scheme assets was £338,000 (2015: loss of £26,000).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	156	167
Net interest cost	24	22
Total operating charge	180	189

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

	2016 £000	2015 £000
At 1 September	2,719	2,557
Current service cost	156	167
Interest cost	104	95
Employee contributions	49	47
Actuarial loss/(gain)	1,567	(134)
Benefits paid	(22)	(13)
At 31 August	4,573	2,719

Changes in the fair value of academy's share of scheme assets:

	2016 £'000	2015 £'000
At 1 September	2,027	1,902
Interest income	80	73
Actuarial gain/(loss)	258	(96)
Employer contributions	114	114
Employee contributions	49	47
Benefits paid	(22)	(13)
At 31 August	2,506	2,027

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

25 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

- University of Teesside, lead sponsor of the Academy provides HR services in relation to health assessments £1,026 (2015: £576) outstanding at 31 August 2016 was £0 (2015: £216)
- Redcar College a co-sponsor of the Academy provides educational services, £17,548 (2015: £30,366) outstanding at 31 August 2016 was £0 (2015: £0)
- Redcar and Cleveland Borough Council a co-sponsor of the Academy provides services in relation to premises, SLA's, educational services and other supplementary services totalling £182,058 (2015: £160,092) outstanding at 31 August 2016 was £0 (2014: £48,112),
- Prior Pursglove College a co-sponsor of the Academy provides educational services, £5,040 (2015: £11,410) outstanding at 31 August 2016 £0 (2015: £8,050)
- A member of staff has an interest in a scout group from whom the Academy purchased the services of a DJ for the school Prom totalling £135 during the year (2015: £135) outstanding at 31 August 2016 was £0 (2015: £135)

26 Events after the end of the reporting period

On 1 September 2016 Teesside University Trust for Academies (Freebrough Academy) became the lead school of a multi-academy trust and was renamed Teesside Learning Trust. The trade and assets from Teesside University Trust for Academies (Thornaby Academy) were gifted to Teesside Learning trust on 1 September 2016. On 1 November 2016 two primary schools, Whitecliffe and Badger Hill, joined the academy trust.

Teesside Learning Trust (formerly known as Teesside University Trust for Academies (Freebrough Academy))

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

27 Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		14,825	14,464
Impact on conversion to FRS102		-	-
Total funds reported under FRS 102		<u>14,825</u>	<u>14,464</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £000
Net expenditure previously reported under UK GAAP		(335)
Change in recognition of LGPS interest cost	A	<u>(64)</u>
Net movement in funds reported under FRS 102		<u>(399)</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £64,000 and decrease the credit in other recognised gains and losses in the SoFA by an equivalent amount.