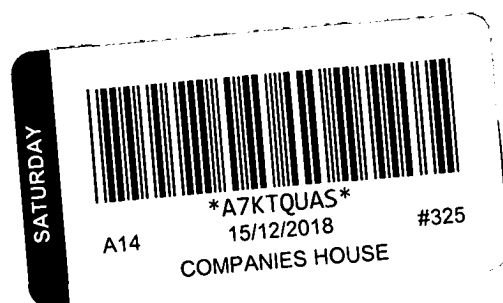


CM

Company Registration No. 08083620 (England and Wales)

BALMORAL LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018



BALMORAL LEARNING TRUST

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BALMORAL LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Chair of Directors	P Chapman H Jobes P Maclellan J Poulton E Wood
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Trustees

P Chapman (Chair of directors)
D Brown
T Hambleton
N Henry (Resigned 30 January 2018)
A Hodgson (Chief executive officer)
J Robe
V Talbot
D Todd

Senior management team

- CEO/ Headteacher (EHPA)	A Hodgson
- CFO/ School Business Manager (EHPA)	S Chapman
- Headteacher (HLPS) (from 01.07.2017)	S Bell

Company secretary

W Alder

Company registration number

08083620 (England and Wales)

Registered office

Balmoral Terrace
Sunderland
Tyne & Wear
SR3 3PR

Academies operated

East Herrington Academy
Hetton Lyons Academy

Location

Sunderland
Sunderland

Principal

A Hodgson
S Bell

Independent auditor

Baldwins Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Bankers

Lloyds Bank plc
5th Floor
102 Grey Street
Newcastle upon Tyne
NE1 6AG

BALMORAL LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

BALMORAL LEARNING TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 2 primary schools (including one with a nursery class) for pupils aged 3 to 11 years in Sunderland. Its academies have a combined pupil capacity of 900 and a roll of 905 in the school census on 17 May 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee (registration no.8083620) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Balmoral Learning Trust are also the directors of the charitable company for the purposes of company law.

The charitable company operates as Balmoral Learning Trust, with the academies also trading under their individual school names.

Details of the trustees who served throughout the period between 1 September 2017 and 31 August 2018, except as noted, are included in the Reference and Administrative Details section 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.

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 / her in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted by the court from liability for negligence default, breach of duty or breach of trust in relation to the affairs of the academy trust.

Method of recruitment and appointment or election of trustees

Membership is determined in accordance with the composition set out in Articles 48-49 and 53 of the Articles of Association and shall comprise of:-

- up to 5 Trustees, appointed under Article 50
- any Staff Trustees, if appointed under Article 50AA and subject to Article 50B;
- the Chief Executive Officer, if appointed under Article 57; and
- a minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Article 101A.

The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of trustees

The Company Secretary carries out a comprehensive induction programme with new appointments as agreed, which includes face to face meetings with key members of both the board of trustees and the relevant Senior Leadership Team. A programme of CPD runs throughout the year for all trustees and governors. Trustees and Governors are encouraged to participate in relevant training arranged by external training providers including the Governance Support Officer at the Local Authority. During the reporting period, trustees attended various external training sessions.

Organisational structure

Balmoral Learning Trust is a multi-academy trust whose board of trustees meets at least 6 times per year to discuss its strategic objectives with the Chief Executive Officer, who is the Accounting Officer of the Trust. For the period ending 31 August 2018, the structure consists of three levels: the Trustees, Chief Executive Officer and the Trust Leadership Team.

The Trustees are responsible for determining strategic policy, adopting an annual plan following a self-evaluation review, monitoring the practices adopted by each academy, determining the strategic direction of the academy trust, high value capital expenditure and senior staff appointments.

The Chief Executive Officer leads and develops the strategic vision of all schools in the Trust. Each individual academy has a Headteacher who is responsible for the day-to-day management of the academy supported by a senior management team comprising of teaching and non-teaching staff.

The Leadership Team consists of the Head Teachers of each academy, and the Chief Finance Officer. The Leadership Team controls the academies at an executive level, implementing the policies laid down by the Trustees and reporting to them. The Head Teachers and local governing body are responsible for the authorisation of spending within agreed budgets and the appointment of staff as stated in the scheme of delegation and the Trust's finance manual.

The Chief Finance Officer is responsible for the management of the financial systems, sourcing additional funds, and ensuring efficient and effective use of resources. The School Business Managers in each academy are responsible for the authorisation of spending up to agreed limits as stated in the scheme of delegation and the finance manual, alongside the management of all support staff and facilities staff.

Arrangements for setting pay and remuneration of key management personnel

The term "key management personnel" refers to the Chief Executive Officer, Director of Finance and Operations, and Head Teachers of Balmoral Learning Trust. Arrangements for setting the pay and remuneration of key management personnel are agreed and reviewed annually by the trust's Personnel Committee which feeds back to the board of trustees. Remuneration is regularly benchmarked and the rules for determining pay are published in the trust's pay policy which has been set in accordance with the nationally agreed School Teacher's Pay and Conditions Document (for teaching staff) and adheres to Local Government pay arrangements (for non-teaching staff) following the National Joint Council pay spine.

Related parties and other connected charities and organisations

Trustees and Senior Leadership Team members are required to declare any business or related interests that may impact on the academy trust. The adopted policy is that if interests are declared then the relevant party will remove themselves from the decision making process. A register of declared business and pecuniary interests is published on the trust's website, and further information is held on file by at the relevant academy.

For the period ending 31 August 2018, 5 trustees and Senior Leadership Team members declared connections to organisations or related party relationships. During the reporting period no transactions were carried out that would be impacted by these declared relationships.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and activities

Objects and aims

The principal objective and activity of the charitable company is the operation of Balmoral Learning Trust to provide education for pupils of different abilities within a range of age groups. Our mission is to create a safe and welcoming learning environment within which all children are able to realise their potential. This has included joint staff working, creation of a Headteachers' Board and joint working of leadership teams on a monthly basis.

Objectives, strategies and activities

During the period ending 31 August 2018 Balmoral Learning Trust has seen the establishment of structures and processes for the MAT that will govern how it operates going forward and to ensure that transparency and good governance is at the heart of everything it does. This has included undertaking a skills audit, agreeing a scheme of delegation and developing a paper on Vision and Values. A programme of CPD has been implemented to ensure that directors and members have the information and knowledge that they need to carry out their respective roles effectively.

The main objectives during the 2017-18 financial year are summarised below:-

- Ensure continuity of educational leadership

The board of trustees and Leadership Teams have begun the process of ensuring the transitional arrangements are effective and do not result in a loss of performance. During the next reporting period the objective will be to continue to provide continuity and leadership at academy level in both education and finance.

- Establish new governance measures

All structures, committees and individual responsibilities, as well as the performance measures appropriate to promoting excellent school performance going forward, have been and continue to be reviewed. Restructuring of the board of trustees and the subsequent committees and Local Governing Bodies has allowed for a focus on school-based activity against agreed performance outcomes.

- Performance and target setting

Directors have ensured that the respective School Improvement Plans reflect the challenge that Directors and Local Governors have made to seek continuous improvement in academy performance.

- Promote effective community involvement

Directors have pledged to assist the academies within the Trust to build on its strong record of community involvement at all levels and will promote all aspects of engagement with our communities wherever possible. Directors and Governors will be positively involved in creating a distinctive BLT approach to the communities it serves.

This business plan is continuously evolving and is currently being reviewed to take into account the growth of the Trust. The objectives of the business plan will link closely with the educational objectives agreed by trustees having given careful consideration to the Charity Commission's general guidance.

Public benefit

The charitable purpose of the Trust relates to the provision of early years and primary education to children within our local communities. All material decisions made during the period have been consistent with the purposes of the Trust and, where necessary, have been made to minimise risks of detriment to our beneficiaries and the public in general. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in exercising their powers or duties.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

Balmoral Learning Trust contains two Ofsted rated 'Good' academies and each academy has met the floor standards set by the Department for Education during the academic year 2017-18. End of key stage results consistently indicate that by the time pupils leave academies within the Trust they have made good progress and results are better than national results. The results for 2017-2018 are shown below:-

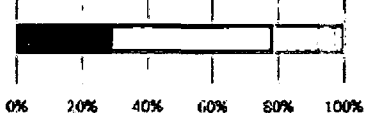
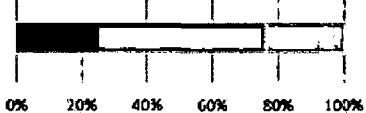
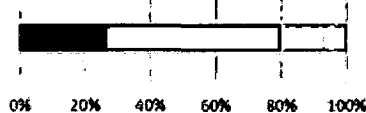
BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

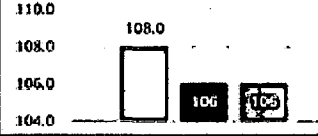
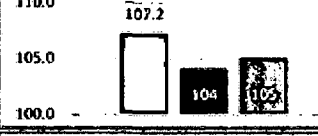
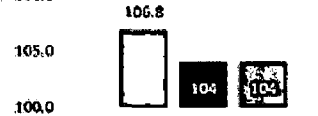
Key performance indicators

Key Stage 1 Trust Data

PERFORMANCE DATA		2018			KEY:
		Boys	Girls	Total	
Eligible Pupils		64	57	121	EXS WTS PKF BLW
READING TA		23.4%	36.8%	29.8%	
	EXS	51.6%	45.6%	48.8%	
	WTS	14.1%	14.0%	14.0%	
	PKF	7.8%	1.8%	5.0%	
	BLW	3.1%	1.8%	2.5%	
WRITING TA		17.2%	35.1%	25.6%	
	EXS	51.6%	49.1%	50.4%	
	WTS	20.3%	12.3%	16.5%	
	PKF	7.8%	1.8%	5.0%	
	BLW	3.1%	1.8%	2.5%	
MATHS TA		25.0%	29.8%	27.3%	
	EXS	48.4%	57.9%	52.9%	
	WTS	18.8%	7.0%	13.2%	
	PKF	4.7%	3.5%	4.1%	
	BLW	3.1%	1.8%	2.5%	

GDS	Working at GREATER DEPTH than expected standard
EXS	Working at the EXPECTED STANDARD
WTS	WORKING TOWARDS the expected standard
PKF	FOUNDATIONS of the expected standard
BLW	Working BELOW the expected standard

Key Stage 2 Trust Data (*)

PERFORMANCE DATA		2018			KEY:
Avg. scaled score		Boys	Girls	Total	
No. of pupils		67	52	119	School LA National
SPaG* TEST	SPaG eligible pupils	66	51	117	
	School	107.9	108.0	108.0	
	LA	105	106	106	
	NATIONAL	105	107	106	
READING TEST	Reading eligible pupils	66	51	117	
	School	107.3	107.1	107.2	
	LA	104	104	104	
	NATIONAL	104	106	105	
MATHS TEST	Maths eligible pupils	65	51	116	
	School	108.0	105.3	106.8	
	LA	105	104	104	
	NATIONAL	105	104	104	

*School indicates combined results of all academies in the Trust

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

To ensure that standards are continually raised the Trust operates a programme of internal and external reviews of curriculum areas and works closely with external providers to monitor the impact of teaching and learning.

Finance

The main financial performance indicators of the Trust relate to the management of spending against General Annual Grant (GAG) and the use of these funds for the benefit of the pupils in our academies. It is the Trust's policy that, in general terms, the income received in any one year is spent for the benefit of those children attending school during that academic year.

Financial benchmarking against similar schools indicates that total expenditure at both East Herrington Primary Academy and Hetton Lyons Primary School is lower than other schools within the sample, as is expenditure on staffing, premises, and supplies and services costs. Occupation costs at East Herrington Primary Academy have been identified as being higher than other schools, however this may be due to the fact that the academy runs its catering in-house. Comparison of staffing costs within the sample indicates that expenditure on teaching staff costs at Hetton Lyons Primary school is above average however this has been well managed within staffing budgets. The additional cost of teaching has contributed to improved educational outcomes for children within the academy.

The board of trustees has a robust strategy in place to mitigate financial pressures faced by all academies during 2017-18 and beyond. Budgets are closely monitored and spending is linked to Trust objectives and school improvement plans with the aim of improving outcomes for pupils. With the increase in academies within the Trust, Directors hope to achieve economies of scale through the streamlining of processes to enable savings to be reinvested into the academies in the Trust.

Additional financial performance objectives set by Directors that have been met during the period are as follows:-

- to maintain an operating surplus to support the strategic development of the schools within the academy trust;
- to have at least 1 month's cash in hand as working balances to cover salaries and monthly expenditure.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The trustees have considered potential material uncertainties such as new schools joining the trust, however they are confident in the robust budget setting procedures the academy trust currently has in place. For this reason, the trust 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.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The majority of the Trust's income is obtained from the Department for Education (DfE) and the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, most of which is restricted to particular purposes. This funding, including the General Annual Grant (GAG), received during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2018, total expenditure of the Trust was met by recurrent grant funding from the ESFA together with other incoming resources.

At 31 August 2018 the in-year surplus for the Trust was £2,573,000. The total value of reserves held at 31 August 2018 is £7,502,000 of which £403,000 relates to restricted funds not available for general purposes of the trust.

The board of trustees has adopted the following policies relating to Finance and Governance during 2017-18:-

- Scheme of Delegation
- Finance Manual
- Articles of Association
- Funding Agreement

The trust reserves at present are being held for refurbishment and extension purposes, as well as to fund improvements to classroom and kitchen ceilings and lighting which need to be replaced. During the period improvements have been made to the Trust's academies including flooring, ICT infrastructure, and the building extension of 3 pupil classrooms. Planning permission has also been sought and obtained for future extension projects at East Herrington Primary Academy that will maximise the available facilities in the early years and foundation stage. Funds will be allocated to a rolling programme of roof replacement following a recent buildings survey which estimated a total replacement cost of £300,000 at just one academy.

Funds received by the Trust follow the accepted principles of regularity and best practice. Internal control is rigorous with internal audit reviews carried out twice yearly and a full external audit of the main accounts carried out on an annual basis. During the period ending 31 August 2018 all action points related to internal audit have been addressed / implemented for the start of the next financial year.

Following the conversion of Hetton Lyons Primary School into the Trust in July 2017 the overall pension liability doubled. The impact on the Trust is shown on the balance sheet and is seen as a key financial risk to the Trust. The next actuarial review is due in December 2019 for April 2020 implementation.

Reserves policy

The Directors review the reserve 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 Directors will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant (GAG) income and other grants.

The Directors will try to match income with expenditure in the current period and will carry forward reserves that it considers necessary for future periods of expenditure. It has been agreed by the Finance and Audit Committee that the academies should aim to carry a prudent level of resources designed to meet unplanned expenditure in future periods. It has been agreed that this amount would be 2 month's working capital. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Trust schools are able to request the use of reserves for planned priorities such as capital works which may not be covered entirely by in-year revenue funding.

The total value of reserves held at 31 August 2018 is £7,502,000 of which £403,000 relates to restricted funds not available for general purposes of the trust.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

The aim of the Trust is to make low-risk investment of expenditure not immediately needed in order to maximise the schools' income and the monies available to spend on the education of the Trust's pupils. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

Principal risks and uncertainties

The Trust considers all risks in relation to its academies and Directors have implemented an online management system to assess risks that may impact the Trust both immediately and medium-term. Particular risks identified are in relation to teaching, management of ICT security, safeguarding, Health & Safety, Educational Visits and in relation to financial uncertainty. To mitigate risk, the Trust has introduced systems relating to operational procedures and internal financial controls relating to ordering and online banking. The Trust buys into an online risk assessment package which allows senior leaders to track and mitigate perceived threats across all areas of academy business. Directors are satisfied that systems are in place to mitigate exposure to major risks and take on board advice from external sources.

Key Risks Identified during 2017-18:-

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. As with all schools, the majority of incoming monetary resources are Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same, or that public funding will continue at the same levels or on the same terms. The trust will monitor the outcome of the current funding consultations regarding the National Funding Formula and Early Years funding streams with the aim of mitigating potential risks through forward planning. The biggest financial risk to the balance sheet moving forward will come from the LGPS (Local Government Pension Scheme), however Directors consider that as each academy is currently able to meet its annual contribution commitments, and as Parliament has agreed that in the event of closure the Department for Education would meet the LGPS liabilities, the risk from this liability is minimised as far as possible.

Reputational- the continuing success of the Trust is dependent on continuing to attract pupils in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Directors ensure that pupil success and achievement are closely monitored and reviewed, and that the education offered meets the needs of our local communities.

Staffing - the success of the Trust is reliant on the quality of its staff and so the Directors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The Government's commitment relating to the introduction of a national living wage rising to £9.00 per hour by April 2020 poses a threat to the staffing structure of the trust over the coming years, however affects may be mitigated through the potential for shared staffing within a multi-academy trust structure.

Fraud and mismanagement of funds- The Trust has appointed an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Leadership and Management - Strategies to develop leadership continue to be successful. The development of the leadership capacity across the trust will ensure that the outcomes for pupils and school improvement remain high moving forward.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The Trust does not directly pursue fundraising activities, however individual academies within the Trust may occasionally hold fundraising events during the course of the academic year, for example coffee mornings and summer fairs. Occasionally these events are run in conjunction with Friends of the School which is a PTA charity in its own right.

Fundraising activity conforms to the provisions of the Charities (Protection and Social Investment) Act 2016. Directors are conscious that fundraising should reflect the Trust's values and aim to ensure that monies raised are used for their stated purpose. Staff and volunteers involved in fundraising understand the boundaries they must work within to ensure that the Trust's reputation is protected.

Individual academies within the Trust have open and accessible complaints procedures to be followed should concerns be raised regarding fundraising activities. The aim of the Trust when undertaking fundraising activity is to ensure that no member of the public is subjected to behaviour which is unreasonably intrusive or persistent, or involves putting undue pressure on a person to donate.

Plans for future periods

- Work in partnership with other schools to develop Balmoral Learning Trust and the benefits that it can offer to its pupils and local communities.
- Continue to support other schools in developing and improving educational opportunities for all children as part of local and national forums and the Chief Executive Officer's role as a Local Leader of Education.
- Provide staff with high quality professional development opportunities to enable the implementation of the National Curriculum, the Inspire Maths curriculum and the ongoing changes to the assessment system.

Additional investment will also be sought through bids, for example the Condition Improvement Fund or charitable grants, to support the implementation of trust objectives.

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.

A resolution proposing that Baldwins Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:


P Chapman
Chair of directors

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Balmoral Learning Trust has an effective and appropriate system of control, both 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 trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Balmoral Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met during 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:-

Trustees	Meetings attended	Out of possible
P Chapman (Chair of directors)	6	6
D Brown	6	6
T Hambleton	3	6
N Henry (Resigned 30 January 2018)	1	3
A Hodgson (Chief executive officer)	6	6
J Robe	3	6
V Talbot	1	1
D Todd	4	6

During the period ending 31 August 2018, the board of trustees has gone through a period of transition with 1 director resigning during the period. In line with the ongoing development of the multi-academy trust, there is now an intense focus on the strategic abilities of academy trustees in order to ensure that Trust governance mirrors the 6 key features of effective governance, namely strategic leadership, accountability, people, structures, compliance and evaluation as set out in the Governance Handbook published in January 2017. As a response to the medium to long term challenge of becoming a larger trust, the board of trustees at Balmoral Learning Trust has developed a strategic business plan to guide future planning and decision making over the next 3-5 years.

The Trust regularly undertakes reviews of strategic leadership and management, as well as teaching and overall performance. During the reporting period concerned, external evaluations were carried out by school improvement partners which included interviews with members of the board of trustees and assessed the impact that it has on the daily running of the trust schools. The Directors will continue with their cycle of evaluation regarding the impact and effectiveness of the board in the new financial year as the Trust develops. A programme of CPD is in place for directors to ensure that they are able to undertake the function and responsibilities of their roles.

The Finance and Audit Committee is a sub-committee of the main board of directors and for the period ending 31 August 2018 comprised of 4 directors. Its purpose is to ensure the efficient and effective use of resources both at a Trust and individual school level.

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

The Director of Finance and Resources, although not a director, also attends meetings of the Finance and Audit Committee. Attendance at meetings in the period was as follows:-

Trustees	Meetings attended	Out of possible
P Chapman (Chair of directors)	4	4
T Hambleton	3	4
A Hodgson (Chief executive officer)	4	4
J Robe	2	4

Review of value for money

As accounting officer, the Chief Executive 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 taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

Improving Educational Results

During the 2017/18 academic year the Trust was able to offer one-to-one provision and small group work with teachers and support staff where appropriate. The use of Pupil Premium grant funding from the ESFA enabled the implementation of targeted intervention in both upper and lower KS2 which has successfully increased pupil confidence and attainment in our schools.

End of KS1 and KS2 results consistently indicate that pupils within the Trust make at least good progress in their learning and results are higher than the national average. The Trust has a good reputation within the communities it serves and regularly has applications for places at its academies above the published admission number for the Reception class intake. There is currently an admissions waiting list in most year groups across Trust academies.

Financial Governance and Oversight

The board of trustees is committed to ensuring that governance of the Trust's financial management is robust and trustees have a strong oversight of the financial management of the budget. The Directors, senior leaders and staff strive for the best possible outcomes for pupils, achieved at reasonable cost.

The Finance and Audit Committee meets regularly to review the budget position and to challenge the decisions of the Trust's leadership team. The committee receives regular budget monitoring, provided in a clear and consistent format with explanatory notes which allow trustees to confidently scrutinise budget forecasts and agree spending proposals. The committee employs the services of an experienced clerk.

Internal and external auditors have been appointed by the trust to review financial processes and test the internal controls that are in place on a timetabled basis. Reports are produced and given to the board of trustees to provide assurance and independent oversight of the trust's financial affairs. The board of trustees also receives and approves the Annual Accounts and the External Auditors Management Report at the year end. Auditor reports to 31 August 2018 gave substantial assurance that the Trust has effective governance and financial management arrangements in place, concluding that the controls evaluated are well designed, appropriate in scope and applied consistently and effectively.

All members of the board of trustees and school staff complete a Register of Business Interests form on an annual basis. Business interests of Directors and senior leaders are published on the Trust's website.

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Achieving value for money through the effective and efficient use of resources

The Trust is committed to providing the best for our pupils and, as such, takes a prudent approach to expenditure. With approximately 80% of the Trust's budget spent on staffing, the staffing structure is reviewed on an annual basis to ensure that it can support the successful attainment of objectives within the School Improvement Plans. The Trust employs a high proportion of skilled and experienced teaching and support staff who are effectively deployed to provide best value whilst meeting the needs of our pupils.

Purchasing follows best value principles and a robust scheme of delegation is in place. The Trust has a cycle of review for its on-going services from external organisations. This guarantees that these services continue to meet the needs of the school whilst ensuring the best mix of quality and value for money. EU procurement regulations are complied with where necessary and Directors and staff accept that best value quotes may not be the cheapest as factors such as workmanship, reliability, and quality of services need to be considered.

The Trust explores every opportunity to maximise the income generated and has strong links with the local community. Payments are received for regular community-use evening and weekend lettings throughout the year which supplement the cost of extra-curricular activities for our pupils. The Trust has links with local organisations which allow additional income to be maximised through 'match-funding' for community events.

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 at Balmoral Learning Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees 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 board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 board of trustees;
- regular reviews by the Finance and 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.

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The board of trustees has considered the need for a specific internal audit function and has appointed Sunderland City Council as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a timetabled basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities. During the period 1 September 2017 and 31 August 2018 two internal audit reviews were carried out in addition to the year-end annual external audit. Actions arising as a result of the internal auditor's work have been addressed and the trust will aim to adopt recommendations of best practise over the next financial period. In particular the checks carried out in the current period included:-

- testing payroll systems
- testing of purchase systems
- testing of control account / bank account reconciliations
- testing of the scheme of delegation and minutes of board and committee meetings
- testing the consistency of financial reporting across trust academies

On a termly basis, reports are presented to the board of trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of effectiveness

As accounting officer the Chief Executive 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 internal auditor;
- the work of the external auditor;
- the work of the executive managers within the academy 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 Finance and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 11 December 2018 and signed on its behalf by:



P Chapman
Chair of directors



A Hodgson
Chief executive officer

BALMORAL LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Balmoral Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

I confirm that I and the academy trust's board of trustees 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 2017.

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 ESFA.



A Hodgson
Accounting Officer

11 December 2018

BALMORAL LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Balmoral Learning Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued 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 trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, 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 2017 to 2018;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:


P Chapman
Chair of directors

BALMORAL LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALMORAL LEARNING TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Balmoral Learning Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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 trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

BALMORAL LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALMORAL LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions 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 trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated 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 the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated 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 accounts 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy 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 trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BALMORAL LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALMORAL LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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. 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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Ian Whitfield BA FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services**

11 December 2018

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 31 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Balmoral Learning Trust during the period 1 September 2017 to 31 August 2018 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 Balmoral Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Balmoral 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 Balmoral Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Balmoral Learning Trust's funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 academy trust's income and expenditure.

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of internal assurance reports
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Baldwins Audit Services

Dated: 11 December 2018

BALMORAL LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	-	-	104	104	142
Donations - transfer from local authority on conversion		-	-	-	-	2,296
Charitable activities:						
- Funding for educational operations	4	131	3,990	-	4,121	2,315
Other trading activities	5	191	-	-	191	113
Total		322	3,990	104	4,416	4,866
Expenditure on:						
Raising funds	6	223	-	-	223	29
Charitable activities:						
- Educational operations	7	58	3,876	149	4,083	2,395
Charitable expenditure - transfer from local authority on conversion		-	-	-	-	760
Total	6	281	3,876	149	4,306	3,184
Net income/(expenditure)		41	114	(45)	110	1,682
Transfers between funds	17	-	(234)	234	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	321	-	321	324
Revaluation of fixed assets	13	-	-	2,142	2,142	-
Net movement in funds		41	201	2,331	2,573	2,006
Reconciliation of funds						
Total funds brought forward		471	(735)	5,193	4,929	2,923
Total funds carried forward		512	(534)	7,524	7,502	4,929

BALMORAL LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2017 £'000
Income and endowments from:					
Donations and capital grants	3	5	2	135	142
Donations - transfer from local authority on conversion		279	-	2,017	2,296
Charitable activities:					
- Funding for educational operations	4	62	2,253	-	2,315
Other trading activities	5	107	6	-	113
Total		<u>453</u>	<u>2,261</u>	<u>2,152</u>	<u>4,866</u>
Expenditure on:					
Raising funds	6	29	-	-	29
Charitable activities:					
- Educational operations	7	136	2,176	83	2,395
Charitable expenditure - transfer from local authority on conversion		-	760	-	760
Total	6	<u>165</u>	<u>2,936</u>	<u>83</u>	<u>3,184</u>
Net income/(expenditure)		288	(675)	2,069	1,682
Transfers between funds	17	-	(91)	91	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	324	-	324
Net movement in funds		288	(442)	2,160	2,006
Reconciliation of funds					
Total funds brought forward		183	(293)	3,033	2,923
Total funds carried forward		<u>471</u>	<u>(735)</u>	<u>5,193</u>	<u>4,929</u>

BALMORAL LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12		26		14
Tangible assets	13		7,444		5,137
			<u>7,470</u>		<u>5,151</u>
Current assets					
Debtors	14	199		388	
Cash at bank and in hand		1,026		703	
		<u>1,225</u>		<u>1,091</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(256)		(159)	
		<u></u>		<u></u>	
Net current assets			969		932
Net assets excluding pension liability			8,439		6,083
Defined benefit pension scheme liability	19		(937)		(1,154)
			<u></u>		<u></u>
Net assets			7,502		4,929
			<u></u>		<u></u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			7,524		5,193
- Restricted income funds			403		419
- Pension reserve			(937)		(1,154)
			<u></u>		<u></u>
Total restricted funds			6,990		4,458
Unrestricted income funds	17		512		471
			<u></u>		<u></u>
Total funds			7,502		4,929
			<u></u>		<u></u>

The accounts on pages 23 to 47 were approved by the trustees and authorised for issue on 11 December 2018 and are signed on their behalf by:


P Chapman

Chair of directors

Company Number 08083620

BALMORAL LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	20		546		131
Cash funds transferred on conversion			-		94
			<u>546</u>		<u>225</u>
Cash flows from investing activities					
Capital grants from DfE Group		18		9	
Capital funding received from sponsors and others		86		-	
Purchase of intangible fixed assets		(21)		(8)	
Purchase of tangible fixed assets		(306)		(220)	
		<u></u>		<u></u>	
Net cash used in investing activities			(223)		(219)
Net increase in cash and cash equivalents in the reporting period			<u>323</u>		<u>6</u>
Cash and cash equivalents at beginning of the year			703		697
Cash and cash equivalents at end of the year			<u>1,026</u>		<u>703</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 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.

1.1 Basis of preparation

The accounts 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 (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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Balmoral Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts 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 accounts.

1.3 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 period 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 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.

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.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.5 Intangible fixed assets and amortisation

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

- Purchased computer software: length of contract terms

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

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 that require 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:

Land and buildings	50 years
Assets under construction	Not depreciated
Computer equipment	4 years
Fixtures, fittings and equipment	10 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.7 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.

1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.10 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 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 projected unit method. The 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 are 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.

1.12 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 trustees.

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 and Skills Funding Agency/Department for Education.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2018. 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.

The trust has cash reserves designed to ensure there are sufficient available funds for its charitable operations. Cash flow is monitored as part of the trust's control procedures and forward projections for future periods are updated and refined as necessary to allow operational judgements to be made accordingly. To this end, the timing of income recognition is critical to the trust's cash flow projections.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Private sponsorship	-	-	-	7
Donated fixed assets	-	86	86	126
Capital grants	-	18	18	9
	<u>-</u>	<u>104</u>	<u>104</u>	<u>142</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	3,237	3,237	1,829
Start up grants	-	-	-	25
Other DfE group grants	-	357	357	224
	<u>-</u>	<u>3,594</u>	<u>3,594</u>	<u>2,078</u>
Other government grants				
Local authority grants	-	396	396	125
	<u>-</u>	<u>396</u>	<u>396</u>	<u>125</u>
Other funding				
Catering income	109	-	109	-
Other incoming resources	22	-	22	112
	<u>131</u>	<u>-</u>	<u>131</u>	<u>112</u>
Total funding	<u>131</u>	<u>3,990</u>	<u>4,121</u>	<u>2,315</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	6	-	6	2
Catering income	1	-	1	1
Music tuition	23	-	23	-
Trips	38	-	38	-
Other income	123	-	123	110
	<u>191</u>	<u>-</u>	<u>191</u>	<u>113</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

6 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	107	-	116	223	29
Academy's educational operations					
- Direct costs	2,515	-	188	2,703	1,738
- Allocated support costs	600	390	390	1,380	657
	<u>3,222</u>	<u>390</u>	<u>694</u>	<u>4,306</u>	<u>2,424</u>
Net income/(expenditure) for the year includes:				2018 £'000	2017 £'000
Fees payable to auditor for:					
- Audit				6	6
- Other services				3	2
Operating lease rentals				14	9
Depreciation of tangible fixed assets				141	83
Amortisation of intangible fixed assets				8	-
Net interest on defined benefit pension liability				26	14
				<u></u>	<u></u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	3	2,700	2,703	1,738
Support costs				
Educational operations	55	1,325	1,380	657
	<u>58</u>	<u>4,025</u>	<u>4,083</u>	<u>2,395</u>
			2018 £'000	2017 £'000
Analysis of support costs				
Support staff costs			600	355
Depreciation and amortisation			149	2
Technology costs			31	7
Premises costs			241	111
Other support costs			286	139
Governance costs			73	43
			<u>1,380</u>	<u>657</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services.

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
East Herrington Academy	77	-
Hetton Lyons Academy	83	-
	<u>160</u>	<u>-</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	2,391	1,389
Social security costs	207	122
Pension costs	525	297
	<u>3,123</u>	<u>1,808</u>
Staff costs	3,123	1,808
Agency staff costs	47	13
Staff development and other staff costs	52	-
	<u>3,222</u>	<u>1,821</u>

Staff numbers

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

	2018 Number	2017 Number
Teachers	77	23
Administration and support	42	49
Management	3	2
	<u>122</u>	<u>74</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

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 pension contributions) received by key management personnel for their services to the academy trust was £220,557 (2017: £317,134).

10 Trustees' remuneration and expenses

One or more of the trustees 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, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

A Hodgson (headteacher)

Remuneration: £70,001 - £75,000 (2017: £70,001 - £75,000)

Employer's pension contributions: £10,001 - £15,000 (2017: £10,001 - £15,000)

Other related party transactions involving the trustees are set out in note 23.

11 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

12 Intangible fixed assets

	Computer software £'000
Cost	
At 1 September 2017	14
Additions	21
At 31 August 2018	35
Amortisation	
At 1 September 2017	-
Charge for year	9
At 31 August 2018	9
Carrying amount	
At 31 August 2018	26
At 31 August 2017	14

13 Tangible fixed assets

	Land and buildings £'000	Assets under construction £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 1 September 2017	5,113	126	123	143	5,505
Transfer	126	(126)	-	-	-
Additions	229	-	47	30	306
Revaluation	2,142	-	-	-	2,142
At 31 August 2018	7,610	-	170	173	7,953
Depreciation					
At 1 September 2017	275	-	50	43	368
Charge for the year	93	-	33	15	141
At 31 August 2018	368	-	83	58	509
Net book value					
At 31 August 2018	7,242	-	87	115	7,444
At 31 August 2017	4,838	126	73	100	5,137

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

14 Debtors	2018	2017
	£'000	£'000
VAT recoverable	52	36
Other debtors	1	-
Prepayments and accrued income	146	352
	<u>199</u>	<u>388</u>
	<u><u>199</u></u>	<u><u>388</u></u>
15 Creditors: amounts falling due within one year	2018	2017
	£'000	£'000
Trade creditors	-	3
Other taxation and social security	2	2
Other creditors	148	3
Accruals and deferred income	106	151
	<u>256</u>	<u>159</u>
	<u><u>256</u></u>	<u><u>159</u></u>
16 Deferred income	2018	2017
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	105	58
	<u>105</u>	<u>58</u>
	<u><u>105</u></u>	<u><u>58</u></u>
Deferred income at 1 September 2017	58	56
Released from previous years	(58)	(56)
Resources deferred in the year	105	58
	<u>105</u>	<u>58</u>
Deferred income at 31 August 2018	105	58
	<u><u>105</u></u>	<u><u>58</u></u>

Deferred income comprises Universal Infants' Free School Meals, trip income and rates relief for the 2018-19 academic year received in advance.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	141	3,237	(3,048)	(234)	96
Start up grants	6	-	-	-	6
Other DfE / ESFA grants	-	357	(333)	-	24
Other government grants	218	396	(391)	-	223
Other restricted funds	54	-	-	-	54
Pension reserve	(1,154)	-	(104)	321	(937)
	<u>(735)</u>	<u>3,990</u>	<u>(3,876)</u>	<u>87</u>	<u>(534)</u>
Restricted fixed asset funds					
Transfer on conversion	4,689	-	(105)	2,142	6,726
DfE group capital grants	36	18	(3)	(9)	42
Capital expenditure from GAG	329	-	(39)	243	533
Other income	139	86	(2)	-	223
	<u>5,193</u>	<u>104</u>	<u>(149)</u>	<u>2,376</u>	<u>7,524</u>
Total restricted funds	<u>4,458</u>	<u>4,094</u>	<u>(4,025)</u>	<u>2,463</u>	<u>6,990</u>
Unrestricted funds					
General funds	<u>471</u>	<u>322</u>	<u>(281)</u>	<u>-</u>	<u>512</u>
Total funds	<u>4,929</u>	<u>4,416</u>	<u>(4,306)</u>	<u>2,463</u>	<u>7,502</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Start up grants included grants provided to establish the academy trust by the ESFA.

Other DfE/ESFA grants include pupil premium, PE grant, universal free school meals income and other grants received from the DfE group.

Other government grants include income for pupils with special educational needs, universal free schools meals funding, music tuition, contribution to schools funds, university placements, recharge income and salary sacrifice received from the local authority.

DfE/ESFA Capital Grants consist of the devolved capital grant which has been partly spent on non capitalised items and asset additions in the year with the remainder carried forward for future use.

The Inherited Fixed Asset Fund reflects the fixed assets acquired from Local Authorities on conversion. Depreciation on these assets is charged against this fund.

At 31 August 2018 the academy had restricted general and unrestricted funds of £915,000.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	106	1,829	(1,703)	(91)	141
Start up grants	-	25	(19)	-	6
Other DfE / ESFA grants	-	133	(133)	-	-
Other government grants	187	216	(185)	-	218
Other restricted funds	53	58	(57)	-	54
Pension reserve	(639)	(760)	(79)	324	(1,154)
	<u>(293)</u>	<u>1,501</u>	<u>(2,176)</u>	<u>233</u>	<u>(735)</u>
Restricted fixed asset funds					
Transfer on conversion	2,737	2,017	(65)	-	4,689
DfE group capital grants	30	9	(3)	-	36
Capital expenditure from GAG	252	-	(14)	91	329
Other income	14	126	(1)	-	139
	<u>3,033</u>	<u>2,152</u>	<u>(83)</u>	<u>91</u>	<u>5,193</u>
Total restricted funds	<u>2,740</u>	<u>3,653</u>	<u>(2,259)</u>	<u>324</u>	<u>4,458</u>
Unrestricted funds					
General funds	<u>183</u>	<u>453</u>	<u>(165)</u>	<u>-</u>	<u>471</u>
Total funds	<u>2,923</u>	<u>4,106</u>	<u>(2,424)</u>	<u>324</u>	<u>4,929</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
East Herrington Academy	545	590
Hetton Lyons Academy	317	300
Central services	53	-
	<u>915</u>	<u>890</u>
Total before fixed assets fund and pension reserve	915	890
Restricted fixed asset fund	7,524	5,193
Pension reserve	(937)	(1,154)
	<u>7,502</u>	<u>4,929</u>
Total funds	<u><u>7,502</u></u>	<u><u>4,929</u></u>

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
East Herrington Academy	1,264	251	106	347	1,968
Hetton Lyons Academy	1,315	236	84	346	1,981
Central services	44	35	-	30	109
	<u>2,623</u>	<u>522</u>	<u>190</u>	<u>723</u>	<u>4,058</u>

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	26	26
Tangible fixed assets	-	-	7,444	7,444
Current assets	529	641	55	1,225
Creditors falling due within one year	(17)	(238)	(1)	(256)
Defined benefit pension liability	-	(937)	-	(937)
	<u>512</u>	<u>(534)</u>	<u>7,524</u>	<u>7,502</u>
Total net assets	<u><u>512</u></u>	<u><u>(534)</u></u>	<u><u>7,524</u></u>	<u><u>7,502</u></u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Intangible fixed assets	-	-	14	14
Tangible fixed assets	-	-	5,137	5,137
Current assets	488	533	70	1,091
Creditors falling due within one year	(17)	(114)	(28)	(159)
Defined benefit pension liability	-	(1,154)	-	(1,154)
Total net assets	471	(735)	5,193	4,929

19 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 South Tyneside Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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

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.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £254,421 (2017: £240,847).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.2% for employers and 5.5 - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	194	78
Employees' contributions	45	22
Total contributions	239	100
Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.0	2.0

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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

	2018 Years	2017 Years
Retiring today		
- Males	22.9	22.8
- Females	26.4	26.3
Retiring in 20 years		
- Males	25.1	25.0
- Females	28.7	28.6

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £'000	2017 £'000
Discount rate + 0.1%	3,542	3,402
Discount rate - 0.1%	3,696	3,550
Mortality assumption + 1 year	3,516	3,373
Mortality assumption - 1 year	3,720	3,578
CPI rate + 0.1%	3,668	3,502
CPI rate - 0.1%	3,569	3,448

The academy trust's share of the assets in the scheme

	2018 Fair value £'000	2017 Fair value £'000
Equities	1,810	1,534
Government bonds	107	91
Corporate bonds	300	267
Cash	59	90
Property	228	209
Other assets	177	130
Total market value of assets	2,681	2,321

The actual return on scheme assets was £152,000 (2017: £211,000).

Amount recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	272	143
Interest income	(61)	(26)
Interest cost	87	40
Total operating charge	298	157

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2018 £'000	2017 £'000
At 1 September 2017	3,475	1,743
Obligations acquired on conversion	-	1,693
Current service cost	272	143
Interest cost	87	40
Employee contributions	45	22
Actuarial gain	(230)	(139)
Benefits paid	(31)	(27)
At 31 August 2018	3,618	3,475

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

	2018 £'000	2017 £'000
At 1 September 2017	2,321	1,104
Assets acquired on conversion	-	933
Interest income	61	26
Actuarial gain	91	185
Employer contributions	194	78
Employee contributions	45	22
Benefits paid	(31)	(27)
At 31 August 2018	2,681	2,321

20 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	111	1,682
Adjusted for:		
Net surplus on conversion to academy	-	(1,536)
Capital grants from DfE/ESFA and other capital income	(104)	(135)
Defined benefit pension costs less contributions payable	78	65
Defined benefit pension net finance cost	26	14
Depreciation of tangible fixed assets	141	83
Amortisation of intangible fixed assets	8	-
Decrease/(increase) in debtors	189	(87)
Increase in creditors	97	45
Net cash provided by operating activities	546	131

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	8	9
Amounts due in two and five years	10	12
	<u>18</u>	<u>21</u>

22 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the accounts	-	2
	<u>-</u>	<u>2</u>

23 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Document Solutions (UK) Limited – a company in which Mrs L Freiberg (a local governor) is a director:

- The academy trust paid copier charges to Document Solutions (UK) Limited totalling £1,033 (2017: £nil) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil)
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs Fryberg neither participated in, nor influenced
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017

P Chapman, a trustee and chair of directors, is the father of S Chapman, who is employed by the academy trust as the chief financial officer. S Chapman's appointment was made in open competition and P Chapman was not involved in the decision making process regarding appointment. S Chapman is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.