

Company Registration No. 08270151 (England and Wales)

TUDHOE LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



TUDHOE LEARNING TRUST

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of trustees' responsibilities	13
Independent auditor's report on the accounts	14 - 16
Independent reporting accountant's report on regularity	17 - 18
Statement of financial activities including income and expenditure account	19 - 20
Balance sheet	21
Statement of cash flows	22
Notes to the accounts including accounting policies	23 - 45

TUDHOE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

B Hilton
J M Kenny
I Whitfield
D Bowes

Trustees

A Boustead
D Bowes
I Cochrane (Appointed 27 March 2020)
D Collins
V Ingleton
J H Smith (Accounting Officer)
I Whitfield (Chair)

Senior management team

- Chief Executive Officer	J H Smith
- Director of Finance and Business Development	G Pigott
- Associate Headteacher	T Cassap

Company secretary

G Pigott

Company registration number

08270151 (England and Wales)

Academies operated

Tudhoe Colliery Primary School
Acre Rigg Academy
Victoria Lane Academy
Stephenson Way Academy and Nursery
Shield Row Primary School
Dene House Primary School
South Hetton Primary

Location

Durham
Durham
Durham
Durham
Durham
Durham
Durham

Principal

J Smith
J Craggs
J Richardson
T Page
J Cooke
D Turnbull
L Griffiths

Independent auditor

Azets Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

TUDHOE LEARNING TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

Tudhoe Learning Trust operates seven academies for pupils aged 3-11 serving a catchment area in County Durham. It has a pupil capacity of 1886 and had a roll of 1576 in the school spring census 2020.

Structure, governance and management

Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Trust.

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

Members' liability

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

Trustees' indemnities

Tudhoe Learning Trust has taken out insurance to protect Trustees and Officers from claims arising from negligent acts, error or omissions occurring whilst on academy business. We also have professional indemnity insurance for Officers.

Method of recruitment and appointment or election of trustees

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

The membership of the Board is as follows

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

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

A review of the board was undertaken following a skills audit, a recruitment exercise followed which has ensured our board is made up in line with Education department recommendations. Currently we have two vacancies on the board.

Policies and procedures adopted for the induction and training of trustees

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

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

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

TUDHOE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Organisational structure

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

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

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

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

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

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

Arrangements for setting pay and remuneration of key management personnel

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

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

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

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

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

The Trust's pay review committee reviews the pay and remuneration of CEO and Head teachers annually. The Committee ensures performance is evaluated against appraisal targets.

TUDHOE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	240
Total pay bill	7,815,640
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Recruitment/selection and equal opportunities

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

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

Communication

Within all Trust schools there would be various meetings held by the Head or Deputy Head Teacher to ensure all staff are communicated with. Each school has its own governing body who have termly meetings. Each Head teacher attends the Heads meetings when a representative then is asked to attend the Directors meeting. Chair of Governors attends the termly Chair of Governors meetings.

Consultation

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

Performance Schemes

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

TUDHOE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Economic Factors affecting the Trust

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

Facilities and buildings are relatively old, so submission to grant funds such as the Condition Improvement Fund are made where possible to assist with the costs of replacing. In 2019/20 we were successful in the replacement of the roof at Shield Row Primary and replacing the boiler at Victoria Lane Academy; work is currently underway following a further successful bid in 2020/21 for Acre Rigg academy to replace windows and remove asbestos. Five schools received LED lighting at nil cost which has improved the lighting for pupils but has also reduced electricity costs.

Objectives and activities

Objects and aims

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

Objectives, strategies and activities

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

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

Public benefit

The trustees have paid due regard to guidance on public benefit issued by the Charity Commission 'Public benefit running a charity' (PB2) in setting objectives and aims and planning what activities the Trust should undertake. All charitable activities are undertaken to further the advancement of education to all students in its care and partnership organisations in the wider community.

Strategic report

Achievements and performance

Review of Year

The year 2019/20 will be remembered widely for the disruption caused by Covid 19. However, the Trust CEO would like to state when reviewing this year, he was astounded by the hard work, ingenuity, collaboration and passion from all staff to ensure the children and families across the Trust were looked after. There were so many examples of staff going the extra mile during this difficult time to enter into this report, demonstrating that we often see the best of people when times are hard and this was proven over and over again in 2020 – truly inspirational.

Obviously 'Lockdown' has been a barrier with regards to Trust developments, resulting in CIRs being postponed along with the newly established governor/Head teacher network groups although our Finance Team, HR and our School Improvement Champions carried out a lot of work remotely to standardise procedures and strengthen the core work of the Trust.

TUDHOE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key performance indicators

Monitoring up to Lockdown in March demonstrated the challenging aspirations we set at the beginning of the year were still achievable, but the assessments did not go ahead in the summer. Our overarching aim for the year was to strengthen leadership in all areas across the Trust and we achieved that through a number of new appointments in all aspects of our business including a highly experienced HR Manager and Finance Officer, two substantive head teachers (one from outside the Trust), a Deputy, and Educational Psychologist, a new Trust Director and two new Chairs of our LGBs (one of whom received a BEM in the Queen's birthday honours list). The development of reading and the curriculum as a whole were major drivers this year and again, early indicators demonstrate that the best practice in our schools is being shared and the quality of provision is strong across the Trust. We also supported a school outside of our Trust with SEND and behaviour work.

Going concern

After making appropriate enquiries, the board of directors has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statement. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

Income and Expenditure

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

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

Total revenue income was £9,107,000 and expenditure was £8,899,000 giving a surplus of £208,000 excluding the movement on capital funds and the pension reserve the in year .

The provisions of FRS 102 relating to retirement benefits have been applied resulting in an increase/decrease in the pension deficit of £2,106,000. The deficit is now £8,038,000.

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

At 31 August 2020 the net book value of fixed assets was £13,605,000 and the movement in the year are show in note 13. All the assets are used exclusively for providing education and associate support services to the pupils of the Trust.

At 31 August 2020 the Trust held fund balances (excluding the pension deficit) of £907,000 comprising of £371,000 restricted funds and £536,000 unrestricted funds.

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 commitment and the nature of reserves.

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

The Trust currently holds unrestricted funds of £536k and General Annual Grant of £275k (see note 19) included within unrestricted funds is £76k of designated funds which are pots held by the Trust for self insurance absence. This is explained in note 19.

TUDHOE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Total free reserves (including the designated reserves) are £536k.

Total reserves are £6,969,000 which includes restricted fixed asset reserves of £14,100,000.

The Trust has a pension deficit of £8,038,000 but a recovery plan is in place. The Trust has been making deficit contribution for six years however in April a % to fund the deficit was added to the pension costs and this is recovered on a monthly basis through the payroll. No reserves will be used to fund the deficit.

Investment policy

The Trust invests surplus funds in an interest bearing account. The return on the investee is reviewed before the investment is made to ensure there is a maximum return, whilst minimising risks to the sum invested. At the year end no funds were placed on deposit.

Principal risks and uncertainties

Tudhoe Learning Trust has been through a process to assess its current and future risks and to identify and implement strategies for addressing risks. The risk register is reviewed by the Trust board of Directors on an annual basis.

Risks include

Physical Assets

Business Continuity

Financial

Technological

Third Party Liability

Environmental

Legal and compliance

Market and sector

Personnel

Political

Increasing costs relating to staff pay and conditions.

Our biggest risk is the reduction of pupil numbers which would currently reduce funding from the ESFA. The Trust is aware of the need to recruit and retain suitable staff members and is considering succession planning for members of the leadership team.

Changes to government policy are kept unreview and risks to the organisation assessed. The Trust is aware of risk and is proactive.

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

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

Fundraising

This is a minor part of the activities we undertake as a Trust, all fundraising is carried out in schools by Teachers and Teaching Assistants and is mostly aimed at parents and families. An example of what we would raise funds for would be 'Children in Need' or 'Non Uniform Day'. All funds raised are either for the benefit of charities where this would be paid over in fun. Where funds are raised for the school this is usually ring-fenced for a specific purpose.

TUDHOE LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

We do not engage any professional fundraisers.

All fundraising is monitored by the Trust finance department.

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

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

Plans for future periods

Our priorities for this year are to develop more in-house training utilising the skills of our HR Manager, Early Years Champion and School Improvement Champion to:

- Improve outcomes in reading;
- Improve outcomes for Disadvantaged pupils;
- Develop the curriculum in all schools in the Trust;
- Ensure SEND provision is carefully planned and monitored;
- Increase the level of challenge in schools resulting in more pupils working at GDS;
- Improve attendance (staff and pupils) across the Trust;
- Develop mental health awareness and wellbeing;
- Develop clear career pathways for staff in the Trust;
- Develop and improve the fabric of the buildings within the Trust;
- To ensure best value for money at all levels of business.

Auditor

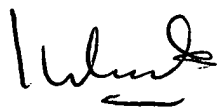
Insofar as the Directors are aware:

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

The Directors appointed Azets as the Trust's external auditors from February 2020. Clive Owen have been appointed as internal auditors.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 22 January 2021 and signed on its behalf by:

I Whitfield
Chair



TUDHOE LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Tudhoe Learning Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and no absolute assurance against material misstatement or loss.

As Directors we have reviewed and taken account of the guidance in DfE Governance Handbook and competency framework for governance.

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

Governance

The information on governance included her supplements that described in the directors' report. The Board of Directors has formally met 3 times during the year however because of Covid it has been necessary to carry out two meetings virtually.

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

Trustees	Meetings attended	Out of possible
A Boustead	3	3
D Bowes	3	3
I Cochrane (Appointed 27 March 2020)	1	1
D Collins	3	3
V Ingleton	3	3
J H Smith (Accounting Officer)	3	3
I Whitfield (Chair)	3	3

Ad hoc meetings are held between the CEO and the Chair of the Trust to keep up to date with any developments. The board therefore feels it is not necessary to meet more frequently. Management Accounts are circulated to all Directors monthly.

The Trust top slices 4.9% of income from our schools to fund central expenditure. A review is undertaken on an whenever the strategic management team meets, this is usually done on a termly basis to ensure the capacity within the Trust enables us to fulfil our strategic objectives.

The Audit Committee is a sub committee of the main board of directors. Its purpose is to work closely with the CEO and the Director of Business Finance and Development.

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

TUDHOE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The committee meets 3 times per year on a formal basis however because of Covid 19 this has not been possible.

Trustees	Meetings attended	Out of possible
J Smith (CEO and Accounting Officer)	1	1
I Whitfield	1	1
D Collins	1	1
D Bowes (Chair)	1	1
G Pigott (CFO)	1	1

Review of value for money

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

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

A review was undertaken by a Schools Regional Management Advisor (SRMA) with the report being issued in October 2019 identifying savings of £311,650 over a three year period. We are on target to achieve £305,146.

As part of the value for money review Audit Services which resulted in us going out to tender and resulted in the appointment of new internal and external auditors in February 2020.

A comparison was undertaken of the insurance policies we hold. We compared against RPA provision and tendered with two alternative providers with the end result of a cost saving of £7k.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tudhoe Learning Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risk to which the Trust is exposed together with the operation financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that have been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

TUDHOE LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors
- Regular reviews by the Audit committee of reports which indicate financial performance against the forecast and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint Clive Owen to buy in their services.

The Directors of the Trust have set up a four year programme to enable the internal auditor to perform a range of checks throughout the Trust. In 2019/20 their programme included

- Month end procedures
- Regularity and Compliance
- Payroll
- HR & Staffing
- Sickness Management

On an termly basis the internal auditors report will be presented to the audit committee with any actions recommended and what actions have been taken.

The programme of work was completed as planned and no significant issues where found. Minor improvements have been recommended and these will be implemented.

Review of effectiveness

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

- The work of the auditors
- The financial management and governance self – assessment programme and school resource management self- assessment tool
- The work of the executive managers with within 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 audit committee and a plan to address weakness and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 22 January 2021 and signed on its behalf by:



J H Smith
Accounting Officer



I Whitfield
Chair

TUDHOE LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Tudhoe Learning Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and 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 2019.

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 2019.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial issues:

During the period, the trust entered into a transaction with a related party that took the value of transactions in the year over £20,000. Although we did notify the ESFA of the initial contract which was valued at under £20,000, we did not seek approval for the additional transaction that took the value over the £20,000 limit specified in the Academies Financial Handbook.



J H Smith
Accounting Officer

22 January 2021

TUDHOE LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Tudhoe Learning Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and 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 2019 and the Academies Accounts Direction 2019 to 2020;
- 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.

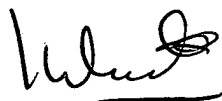
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with 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 22 January 2021 and signed on its behalf by:

I Whitfield
Chair



TUDHOE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Tudhoe Learning Trust for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020.

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 trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. 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.

TUDHOE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

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 has 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.

TUDHOE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Azh Audit Senior

Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

28 January 2021
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Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

TUDHOE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 18 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tudhoe Learning Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Tudhoe Learning Trust's funding agreement with the Secretary of State for Education dated 18 December 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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.

TUDHOE LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

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

Modified Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As referred to in the accounting officer's statement, the academy trust entered into a related party transaction during the year that took the total value in the year over £20,000 without seeking prior approval from the ESFA.

Azets Audit Services

Reporting Accountant

Azets Audit Services

Dated: *26 January 2021*

TUDHOE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	3	14,830	16,702	525,240	556,772	849,331
Charitable activities:						
- Funding for educational operations	4	151,850	8,836,089	-	8,987,939	8,817,717
Other trading activities	5	87,518	-	-	87,518	190,165
Investments	6	585	-	-	585	622
Total		254,783	8,852,791	525,240	9,632,814	9,857,835
Expenditure on:						
Raising funds	7	89,332	-	-	89,332	144,801
Charitable activities:						
- Educational operations	9	84,694	9,353,337	333,982	9,772,013	9,207,963
Total	7	174,026	9,353,337	333,982	9,861,345	9,352,764
Net income/(expenditure)		80,757	(500,546)	191,258	(228,531)	505,071
Transfers between funds	19	-	(8,270)	8,270	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	21	-	(1,388,000)	-	(1,388,000)	(1,479,000)
Net movement in funds		80,757	(1,896,816)	199,528	(1,616,531)	(973,929)
Reconciliation of funds						
Total funds brought forward		454,906	(5,769,928)	13,900,138	8,585,116	9,559,045
Total funds carried forward		535,663	(7,666,744)	14,099,666	6,968,585	8,585,116

TUDHOE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019		Unrestricted funds	Restricted funds:		Total 2019
	Notes	£	General	Fixed asset	£
Income and endowments from:					
Donations and capital grants	3	8,436	-	840,895	849,331
Charitable activities:					
- Funding for educational operations	4	167,358	8,650,359	-	8,817,717
Other trading activities	5	190,165	-	-	190,165
Investments	6	622	-	-	622
Total		366,581	8,650,359	840,895	9,857,835
Expenditure on:					
Raising funds	7	-	144,801	-	144,801
Charitable activities:					
- Educational operations	9	163,009	8,768,044	276,910	9,207,963
Total	7	163,009	8,912,845	276,910	9,352,764
Net income/(expenditure)		203,572	(262,486)	563,985	505,071
Transfers between funds	19	(5,400)	2,067	3,333	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	21	-	(1,479,000)	-	(1,479,000)
Net movement in funds		198,172	(1,739,419)	567,318	(973,929)
Reconciliation of funds					
Total funds brought forward		256,734	(4,030,509)	13,332,820	9,559,045
Total funds carried forward		454,906	(5,769,928)	13,900,138	8,585,116

TUDHOE LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		13,604,612		13,855,089
Current assets					
Stocks	14	14,968		25,645	
Debtors	15	805,978		553,926	
Cash at bank and in hand		1,205,469		1,255,479	
		<u>2,026,415</u>		<u>1,835,050</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(585,501)		(1,037,029)	
Net current assets			<u>1,440,914</u>		<u>798,021</u>
Total assets less current liabilities			<u>15,045,526</u>		<u>14,653,110</u>
Creditors: amounts falling due after more than one year	17		(38,941)		(45,994)
Net assets before defined benefit pension scheme liability			<u>15,006,585</u>		<u>14,607,116</u>
Defined benefit pension scheme liability	21		(8,038,000)		(6,022,000)
Total net assets			<u><u>6,968,585</u></u>		<u><u>8,585,116</u></u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			14,099,666		13,900,138
- Restricted income funds			371,256		252,072
- Pension reserve			(8,038,000)		(6,022,000)
Total restricted funds			<u>6,432,922</u>		<u>8,130,210</u>
Unrestricted income funds	19		<u>535,663</u>		<u>454,906</u>
Total funds			<u><u>6,968,585</u></u>		<u><u>8,585,116</u></u>

The accounts on pages 19 to 45 were approved by the trustees and authorised for issue on 22 January 2021 and are signed on their behalf by:

I Whitfield
Chair



Company Number 08270151

TUDHOE LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	22		(482,806)		276,384
Cash flows from investing activities					
Dividends, interest and rents from investments		585		622	
Capital grants from DfE Group		525,240		840,895	
Purchase of tangible fixed assets		(83,505)		(949,427)	
Proceeds from sale of tangible fixed assets		-		10,200	
Net cash provided by/(used in) investing activities			442,320		(97,710)
Cash flows from financing activities					
Repayment of other loan		(9,524)		22,865	
Net cash (used in)/provided by financing activities			(9,524)		22,865
Net (decrease)/increase in cash and cash equivalents in the reporting period			(50,010)		201,539
Cash and cash equivalents at beginning of the year			1,255,479		1,053,940
Cash and cash equivalents at end of the year			1,205,469		1,255,479

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 accounts 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 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.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Depreciation is provided on all tangible 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:

Leasehold land & buildings	125 years
Leashold improvements	10 years
Computer equipment	5 years
Fixtures, fittings & equipment	10 years

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.

1.6 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.

1.7 Leased assets

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

1.8 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.

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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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 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 based on quadrennial valuations using a prospective unit credit 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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 Department for Education Group.

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.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

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 21, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. Following developments in employment tribunals and other public service schemes, and subsequently the consultation on the proposed remedy for the LGPS on 16 July 2020, actuaries have assumed a remedy that an underpin would apply to all those in the scheme on 1 April 2012, will not apply on withdrawal and will apply to spouse's pensions. These assumptions have been reflected in the valuation, with the overall impact dependent on the profile of each employer.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. Allowance has been made in the valuation for members whose state pension age is on or after 6 April 2016.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	525,240	525,240	840,895
Other donations	14,830	16,702	31,532	8,436
	<u>14,830</u>	<u>541,942</u>	<u>556,772</u>	<u>849,331</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	6,824,012	6,824,012	6,857,232
Other DfE group grants	-	1,564,487	1,564,487	1,290,945
	-	8,388,499	8,388,499	8,148,177
Other government grants				
Local authority grants	-	440,278	440,278	493,900
Exceptional government funding				
Coronavirus exceptional support	-	7,312	7,312	-
Other funding				
Catering	50,888	-	50,888	85,051
Other incoming resources	100,962	-	100,962	90,589
	151,850	-	151,850	175,640
Total funding	151,850	8,836,089	8,987,939	8,817,717

Other DfE group grants includes the following:

	2020 £	2019 £
Pupil Premium	956,845	955,600
Universal Infant Free School Meals	155,801	155,971
Teachers Pay Grant	77,427	51,124
Teachers Pension Grant	247,364	-
PE Sports Grant	125,940	126,050
Other DfE group grants	-	2,200
	1,563,377	1,290,945

The Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "coronavirus exceptional support". The funding received covers additional costs in relation to cleaning. These costs are included in notes 7 and 9 as appropriate.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	8,170	-	8,170	6,196
Catering income	4,924	-	4,924	2,052
Parental contributions	18,829	-	18,829	99,365
Supply teacher insurance claims	-	-	-	2,540
Other income	55,595	-	55,595	80,012
	<u>87,518</u>	<u>-</u>	<u>87,518</u>	<u>190,165</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	585	-	585	622
	<u>585</u>	<u>-</u>	<u>585</u>	<u>622</u>

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	-	-	38,778	38,778	144,801
- Allocated support costs	50,554	-	-	50,554	-
Academy's educational operations					
- Direct costs	6,011,133	-	510,838	6,521,971	4,698,572
- Allocated support costs	1,811,304	732,917	705,821	3,250,042	4,509,391
	<u>7,872,991</u>	<u>732,917</u>	<u>1,255,437</u>	<u>9,861,345</u>	<u>9,352,764</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	9,950	14,000
- Other services	4,500	2,169
Operating lease rentals	21,325	7,248
Depreciation of tangible fixed assets	333,982	247,716
Net interest on defined benefit pension liability	109,000	113,000
	<u>478,757</u>	<u>484,133</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Central services

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

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

The Trust charges for these services via a recharge of 4.9% of budgeted income.

The amounts charged during the year were as follows:

	2020 £	2019 £
Tudhoe Colliery Primary School	49,679	45,900
Acre Rigg Academy	68,905	77,447
Victoria Lane Academy	50,810	46,414
Stephenson Way Academy and Nursery	86,298	80,757
Shield Row Primary School	47,741	45,377
Dene House Primary School	74,879	68,547
South Hetton Primary	56,712	52,957
	<u>435,024</u>	<u>417,399</u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	17,017	6,504,954	6,521,971	4,698,572
Support costs				
Educational operations	67,677	3,182,365	3,250,042	4,509,391
	<u>84,694</u>	<u>9,687,319</u>	<u>9,772,013</u>	<u>9,207,963</u>

	2020 £	2019 £
Analysis of support costs		
Support staff costs	1,811,304	3,126,703
Depreciation	333,982	247,716
Technology costs	115,937	139,751
Premises costs	398,935	413,465
Legal costs	1,968	1,370
Other support costs	573,678	564,214
Governance costs	14,238	16,172
	<u>3,250,042</u>	<u>4,509,391</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	5,567,695	5,499,878
Social security costs	517,605	504,719
Pension costs	1,730,340	1,119,272
Staff costs - employees	7,815,640	7,123,869
Agency staff costs	56,504	65,110
Staff restructuring costs	847	39,282
	7,872,991	7,228,261
Staff development and other staff costs	39,638	68,582
Total staff expenditure	7,912,629	7,296,843
Staff restructuring costs comprise:		
Redundancy payments	847	21,022
Severance payments	-	18,260
	847	39,282

Staff numbers

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

	2020 Number	2019 Number
Teachers	91	84
Administration and support	141	151
Management	3	1
	235	236

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
£120,001 - £130,000	1	1
	<u> </u>	<u> </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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £348,798 (2019: £289,600).

11 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:

J H Smith (Chief Executive Officer and Accounting Officer):

- Remuneration £125,001- £130,000 (2019: £115,001-£120,000)
- Employer's pension contributions £30,001 - £35,000 (2019: £15,001-£20,000)

A Boustead (Deputy Head):

- Remuneration £55,001 - £60,000 (2019: £55,001-£60,000)
- Employer's pension contributions £10,001 - £15,000 (2019: £5,001-£10,000)

During the year, travel and subsistence payments totalling £192 (2019: £470) were reimbursed or paid directly to 1 trustee (2019: 1 trustee).

Other related party transactions involving the trustees are set out within the related parties note.

12 Insurance for trustees and officers

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2020 was £1,165 (2019: £10,448). The cost of this insurance is included in the total insurance cost.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

	Leasehold land & buildings £	Leashold improvements £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost					
At 1 September 2019	12,334,141	1,849,841	334,163	301,575	14,819,720
Additions	-	46,290	21,711	15,504	83,505
At 31 August 2020	12,334,141	1,896,131	355,874	317,079	14,903,225
Depreciation					
At 1 September 2019	518,793	122,752	202,676	120,410	964,631
Charge for the year	98,672	151,280	52,805	31,225	333,982
At 31 August 2020	617,465	274,032	255,481	151,635	1,298,613
Net book value					
At 31 August 2020	11,716,676	1,622,099	100,393	165,444	13,604,612
At 31 August 2019	11,815,348	1,727,089	131,487	181,165	13,855,089

14 Stocks

	2020 £	2019 £
School supplies	14,968	25,645

15 Debtors

	2020 £	2019 £
Trade debtors	2,989	9,850
VAT recoverable	32,942	99,746
Other debtors	203	-
Prepayments and accrued income	769,844	444,330
	805,978	553,926

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Other loans	7,053	9,524
Trade creditors	6,977	342
Other taxation and social security	127,712	120,695
Other creditors	137,785	107,642
Accruals and deferred income	305,974	798,826
	<u>585,501</u>	<u>1,037,029</u>

17 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other loans	<u>38,941</u>	<u>45,994</u>

Analysis of loans	2020 £	2019 £
Not wholly repayable within five years by instalments	45,994	55,518
Less: included in current liabilities	(7,053)	(9,524)
Amounts included above	<u>38,941</u>	<u>45,994</u>
Instalments not due within five years	<u>10,729</u>	<u>17,782</u>

Loan maturity

Debt due in one year or less	7,053	9,524
Due in more than one year but not more than two years	7,053	7,053
Due in more than two years but not more than five years	21,160	21,159
Due in more than five years	10,728	17,782
	<u>45,994</u>	<u>55,518</u>

18 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	<u>134,656</u>	<u>102,345</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Deferred income (Continued)

Deferred income at 1 September 2019	102,345	109,852
Released from previous years	(102,345)	(109,852)
Resources deferred in the year	134,656	102,345
Deferred income at 31 August 2020	134,656	102,345

Deferred income includes rates relief, universal infant free school meals funding and trip income received in advance of the following academic year.

19 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	156,784	6,824,012	(6,697,668)	(8,270)	274,858
Start up grants	95,288	-	-	-	95,288
Other DfE / ESFA grants	-	1,564,487	(1,563,377)	-	1,110
Other government grants	-	447,590	(447,590)	-	-
Other restricted funds	-	16,702	(16,702)	-	-
Pension reserve	(6,022,000)	-	(628,000)	(1,388,000)	(8,038,000)
	<u>(5,769,928)</u>	<u>8,852,791</u>	<u>(9,353,337)</u>	<u>(1,396,270)</u>	<u>(7,666,744)</u>
Restricted fixed asset funds					
Inherited on conversion	11,105,454	-	(114,382)	-	10,991,072
DfE group capital grants	2,669,863	525,240	(192,670)	7,173	3,009,606
Capital expenditure from GAG	124,821	-	(26,930)	1,097	98,988
	<u>13,900,138</u>	<u>525,240</u>	<u>(333,982)</u>	<u>8,270</u>	<u>14,099,666</u>
Total restricted funds	<u>8,130,210</u>	<u>9,378,031</u>	<u>(9,687,319)</u>	<u>(1,388,000)</u>	<u>6,432,922</u>
Unrestricted funds					
General funds	336,254	254,783	(174,026)	42,816	459,827
Designated funds	118,652	-	-	(42,816)	75,836
	<u>454,906</u>	<u>254,783</u>	<u>(174,026)</u>	<u>-</u>	<u>535,663</u>
Total funds	<u>8,585,116</u>	<u>9,632,814</u>	<u>(9,861,345)</u>	<u>(1,388,000)</u>	<u>6,968,585</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 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 subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

The start up and improvement grants brought forward were additional funding supplied upon conversion to help with the costs of conversion and for the improvement of the schools.

Other DfE/ESFA grants include teachers' pay grant, universal free school meals income, PE grant and pupil premium received.

Other government grants include income for pupils with special educational needs, early years funding and pupil premium received from the local authority.

DfE/ESFA Capital Grants consist of the devolved capital grant and capital improvement fund which has been partly spent on asset additions in the year with £10,240 of devolved capital and £432,592 of capital improvement fund 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.

The designated fund relates to a staff absence allocation which each school has paid into to cover staff absence.

At 31 August 2020 the academy had restricted general and unrestricted funds of £906,917.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	144,603	6,857,231	(6,841,716)	(3,333)	156,785
Start up grants	89,888	-	-	5,400	95,288
Other DfE / ESFA grants	-	1,290,945	(1,290,945)	-	-
Other government grants	-	493,900	(493,900)	-	-
Other restricted funds	3,000	10,482	(13,482)	-	-
Pension reserve	(4,268,000)	-	(275,000)	(1,479,000)	(6,022,000)
	<u>(4,030,509)</u>	<u>8,652,558</u>	<u>(8,915,043)</u>	<u>(1,476,933)</u>	<u>(5,769,927)</u>
Restricted fixed asset funds					
Transfer on conversion	11,217,670	-	(112,216)	-	11,105,454
DfE group capital grants	1,962,639	840,895	(104,477)	-	2,699,057
Capital expenditure from GAG	152,511	-	(31,023)	3,333	124,821
	<u>13,332,820</u>	<u>840,895</u>	<u>(247,716)</u>	<u>3,333</u>	<u>13,929,332</u>
Total restricted funds	<u>9,302,311</u>	<u>9,493,453</u>	<u>(9,162,759)</u>	<u>(1,473,600)</u>	<u>8,159,405</u>
Unrestricted funds					
General funds	171,223	366,581	(163,009)	(38,541)	336,254
Designated funds	85,511	-	-	33,141	118,652
	<u>256,734</u>	<u>366,581</u>	<u>(163,009)</u>	<u>(5,400)</u>	<u>454,906</u>
Total funds	<u>9,559,045</u>	<u>9,860,034</u>	<u>(9,325,768)</u>	<u>(1,479,000)</u>	<u>8,614,311</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

(Continued)

Total funds analysis by academy

	2020	2019
	£	£
Fund balances at 31 August 2020 were allocated as follows:		
Tudhoe Colliery Primary School	86,203	77,643
Acre Rigg Academy	206,864	163,351
Victoria Lane Academy	30,053	36,475
Stephenson Way Academy and Nursery	188,830	154,392
Shield Row Primary School	(40,029)	(36,132)
Dene House Primary School	67,502	15,453
South Hetton Primary	29,931	(20,281)
Central services	337,565	316,078
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	906,919	706,979
Restricted fixed asset fund	14,099,666	13,929,332
Pension reserve	(8,038,000)	(6,022,000)
	<hr/>	<hr/>
Total funds	<u>6,968,585</u>	<u>8,614,311</u>

The deficit on Shield Row arose in a prior year.

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

The Trust is holding £32,752 on a development grant for Shield Row, this will be used to offset the deficit. The Trust has also set a surplus budget for the next academic year on Shield Row, reducing the deficit next year.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£	£	£	£	£	£
Tudhoe Colliery Primary School	620,480	157,094	78,861	144,026	1,000,461	972,175
Acre Rigg Academy	944,769	132,081	87,223	162,281	1,326,354	1,290,874
Victoria Lane Academy	672,408	136,397	60,563	129,692	999,060	986,888
Stephenson Way Academy and Nursery	1,183,161	192,284	77,039	209,967	1,662,451	1,618,802
Shield Row Primary School	641,029	142,221	39,813	114,305	937,368	978,718
Dene House Primary School	976,956	232,660	64,452	142,915	1,416,983	1,452,793
South Hetton Primary	711,427	146,517	60,435	153,753	1,072,132	1,160,786
Central services	260,903	203,604	2,814	17,233	484,554	644,012
	<u>6,011,133</u>	<u>1,342,858</u>	<u>471,200</u>	<u>1,074,172</u>	<u>8,899,363</u>	<u>9,105,048</u>

20 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
		£	£	
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	13,604,612	13,604,612
Current assets	535,663	949,704	541,048	2,026,415
Creditors falling due within one year	-	(578,448)	(7,053)	(585,501)
Creditors falling due after one year	-	-	(38,941)	(38,941)
Defined benefit pension liability	-	(8,038,000)	-	(8,038,000)
Total net assets	<u>535,663</u>	<u>(7,666,744)</u>	<u>14,099,666</u>	<u>6,968,585</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	13,855,090	13,855,089
Current assets	1,394,526	342,309	98,215	1,835,050
Creditors falling due within one year	(932,620)	(97,237)	(7,173)	(1,037,029)
Creditors falling due after one year	-	-	(45,994)	(45,994)
Defined benefit pension liability	-	(6,022,000)	-	(6,022,000)
Total net assets	461,906	(5,776,928)	13,900,138	8,585,116

21 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 Durham County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £139,035 (2019: £106,451) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £772,959 (2019: £525,861).

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 pension 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 22.5% 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	2020 £	2019 £
Employer's contributions	489,000	413,000
Employees' contributions	124,000	123,000
Total contributions	613,000	536,000
Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.2	3.5
Rate of increase for pensions in payment/inflation	2.2	2.0
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.2	2.0

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 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:

	2020 Years	2019 Years
Retiring today		
- Males	22.2	22.3
- Females	24.2	23.8
Retiring in 20 years		
- Males	23.2	24.0
- Females	25.7	25.7

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

	2020 £	2019 £
Discount rate + 0.1%	13,958,000	11,436,000
Discount rate - 0.1%	14,718,000	12,054,000
Mortality assumption + 1 year	13,815,000	11,349,000
Mortality assumption - 1 year	14,847,000	12,138,000
CPI rate + 0.1%	14,646,000	11,916,000
CPI rate - 0.1%	14,030,000	11,569,000

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

	2020 Fair value £	2019 Fair value £
Equities	3,108,742	2,882,376
Government bonds	1,504,027	1,469,783
Corporate bonds	925,071	669,123
Cash	308,357	285,950
Property	446,803	411,768
Total market value of assets	6,293,000	5,719,000

The actual return on scheme assets was £58,000 (2019: £527,000).

Amount recognised in the Statement of Financial Activities

	2020 £	2019 £
Current service cost	827,000	574,000
Past service cost	181,000	1,000
Interest income	(114,000)	(139,000)
Interest cost	223,000	252,000
Total operating charge	1,117,000	688,000

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2020	2019
	£	£
At 1 September 2019	11,741,000	8,970,000
Current service cost	827,000	574,000
Interest cost	223,000	252,000
Employee contributions	124,000	123,000
Actuarial loss	1,332,000	1,867,000
Benefits paid	(97,000)	(46,000)
Past service cost	181,000	1,000
At 31 August 2020	14,331,000	11,741,000
Changes in the fair value of the academy trust's share of scheme assets	2020	2019
	£	£
At 1 September 2019	5,719,000	4,702,000
Interest income	114,000	139,000
Actuarial loss/(gain)	(56,000)	388,000
Employer contributions	489,000	413,000
Employee contributions	124,000	123,000
Benefits paid	(97,000)	(46,000)
At 31 August 2020	6,293,000	5,719,000
22 Reconciliation of net (expenditure)/income to net cash flow from operating activities	2020	2019
	£	£
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(228,531)	505,071
Adjusted for:		
Capital grants from DfE and other capital income	(525,240)	(840,895)
Investment income receivable	(585)	(622)
Defined benefit pension costs less contributions payable	519,000	162,000
Defined benefit pension scheme finance cost	109,000	113,000
Depreciation of tangible fixed assets	333,982	247,716
Decrease/(increase) in stocks	10,677	(5,161)
(Increase) in debtors	(252,052)	(131,021)
(Decrease)/increase in creditors	(449,057)	226,296
Net cash (used in)/provided by operating activities	(482,806)	276,384

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

23 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	1,255,479	(50,010)	1,205,469
Loans falling due within one year	(9,524)	2,471	(7,053)
Loans falling due after more than one year	(45,994)	7,053	(38,941)
	<u>1,199,961</u>	<u>(40,486)</u>	<u>1,159,475</u>

24 Commitments under operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	37,618	16,047
Amounts due in two and five years	51,808	35,595
Amounts due after five years	15,585	-
	<u>105,011</u>	<u>51,642</u>

25 Capital commitments

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	<u>478,883</u>	<u>-</u>

TUDHOE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

26 Related party transactions

Owing to the nature of the academy trust's operations 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

EDK Psychology - a business in which V Ingleton's (a trustee) daughter-in-law has a majority interest.

- During the year the academy sought Psychology services from the daughter-in-law of V Ingleton (trustee), the total cost to the trust during the year totalled £21,040.
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which the trustee neither participated in, nor influenced
- In entering into the transaction, the academy trust has not fully complied with the requirements of the Academies Financial Handbook in that approval was not sought by the ESFA for the element over £20,000
- The element above £2,500 has been provided 'at no more than cost' and EDK Psychology has provided a statement of assurance confirming this

V Ingleton's (trustee) son is employed by the academy trust as an Associate Headteacher. T Cassap is part of the central function in a school improvement capacity. V Ingleton has had no involvement in any aspect of his terms, conditions or remuneration, which have been determined in line with the national agreements on leadership pay scales.

27 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 £1 for the debts and liabilities contracted before he or she ceases to be a member.