

**North Tyneside Learning Trust**  
**Annual Report and Financial Statements**  
For the period 23 August 2010 to 31 December 2011

Company Registration number: 07353837  
Charity Registration number: 1143299

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**Reference and Administrative Details**

Trustees/Directors  
D Baldwin (Chair from 21 October 2010)  
Professor R Sandbach (appointed 23 August 2011)  
Dr J Delany (appointed 23 August 2011)  
Councillor D Lilly (appointed 21 October 2010)  
A Shaw (appointed 21 October 2010)  
P Mitchell (appointed 21 October 2010)  
L Clelland (appointed 21 October 2010)

Company Secretary  
H Bell

Principal Registered Office  
Churchill Community College  
Churchill Street  
Wallsend  
Tyne and Wear  
NE28 7TN

Company Registration Number  
07353837 (England and Wales)

Auditors  
Read Milburn and Company  
71 Howard Street  
North Shields  
NE30 1AF

Bankers  
The Co-operative Bank PLC  
P.O. Box 1011  
Balloon Street  
Manchester  
M60 4EP

Solicitors  
Schofield Sweeney  
Church Bank House  
Church Bank  
Bradford  
BD1 4DY

## **Director's Report (Trustees' Annual Report)**

The Trustees, (who are Trustees under the Charities Act 2011 and Directors under the Companies Act 2006), present their annual report together with the financial statements and auditor's report of the Charitable Company for the period since the company incorporated to 31 December 2011. The report has been prepared in accordance with Part VIII of the Charities Act 2011 and the Companies Act 2006.

The North Tyneside Learning Trust was incorporated on the 23 August 2010.

The financial statements have been prepared in accordance with the accounting policies on pages 19 to 21 and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ("SORP 2005").

## **Structure, Governance and Management**

### Constitution

The North Tyneside Learning Trust is a company limited by guarantee (company number 07353837, incorporated on 23 August 2010) and an exempt Charity. The Memorandum and Articles of Association are the prime documents governing the Trust.

### Members' Liability

The liability of the members of the charitable company is limited. Each member of the charitable company undertakes to contribute such amount as may be required (not exceeding £10) upon winding up of the charitable company.

### Principal Activities

The Trust's object, as set out in its Articles of Association, is to advance, for the public benefit, education; health; and training for all children, young people and communities of North Tyneside including, but without prejudice to the generality of the foregoing, the education of the pupils at any School, which is a Qualifying School or any other School in respect of which the Trust acts or has acted as a foundation. It being acknowledged that in carrying out the Objects, the Trust, must so far as is consistent with this purpose, have regard to its obligation to promote community cohesion under the Education Acts.

### Method of Recruitment and Appointment of Trustees

The Trustees of North Tyneside Learning Trust act as Directors of the charitable company for the purposes of Company Law. Details of Trustees who served throughout the year are included in the Reference and Administrative Details section on page 3. The Articles of Association provide for the appointment of seven Trustees, drawn from each of the principal constituencies.

- Four drawn from Schools;
- One drawn from Employer partners;

## North Tyneside Learning Trust

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- One drawn from Further Education/Higher Education partners;
- One drawn from North Tyneside Council.

The Chair is drawn from the school directors. Appointment and removal of Directors is subject to any restrictions imposed by the Education Acts.

### Policies and Procedures for Induction and Training of Trustees

Trustees are given appropriate induction on appointment and will be provided with access to appropriate training during their appointment to the board. This training will cover the roles and responsibilities of acting as a Trustee.

### Organisational Structure

The charitable company comprises of 46 members. These members are made up of Trust Schools, Employers, Higher Education establishments, Diocesan schools and the Local Authority. The members of the company determine the objectives of the Trust and appoint Trustees to the Trustee Board. The Board acts as Directors for the purposes of Company Law. The Trustee Board is responsible for the day to day administration of the Trust and the appointment of Governors to the Trust School members' Governing Body. The Trustee Board comprises of one representative of each of the following: the Employer members, the Higher Education members, the Local Authority and four representatives of the Trust School members. During the course of the period the Trustee Board formally met 15 times.

The Company Secretary is based at Churchill Community College. Operational capacity has been secured through Trust members.

Under the Articles of Association decisions are made by majority vote, except for land decisions which are made by resolution.

The Trustees receive no remunerations for acting as Trustees.

At the annual members' meeting the Trustees report back to members and discuss the future direction of the Trust in order to meet its objective. Based on a majority vote these decisions are then enacted and overseen by the Trustees.

### Related Parties

The Trust works closely, in collaboration, with North Tyneside Council. The objective of the Trust aligns with the North Tyneside Council Plan for Children and Families. Funds, namely the rate relief held within the Dedicated Schools Grant from the Department of Education, support the activities of the Trust and are held by North Tyneside Council on behalf of the Trust.

### Risk Management

The major risk facing the charity is currently centred around securing the right number of appropriate governors to join the governing bodies of the member Schools. In order to mitigate this risk there has been an extensive recruitment campaign and significant help from Employer members to source suitable governors.

The Trustee board is aware of the need for a full risk register and plans are in place to establish this in the near future.

## **Objectives and Activities**

### Aims, Objectives and Activities of the Trust

The company was incorporated on 23 August 2010 and commenced trading on 3 September 2010. The company was registered as a Charity on 9 August 2011.

The Trust's objective is set out in its Memorandum and Articles of Association and is referred to on page 4. In summary it is to advance education, health and training for all the children, young people and communities of North Tyneside and to promote community cohesion under the Education Acts.

The Trust works closely with North Tyneside Council and the objective of the Trust supports the priorities of the North Tyneside Council Plan around Children, Families and Regeneration.

Careful consideration is given to the Charity Commission's general guidance on public benefit and in particular on advancing education for the children and young people of North Tyneside when planning Trust activities.

To achieve the main objective, the Trust aims to assist the youth of North Tyneside Schools to be inspired and empowered to work in Science, Technology, Engineering and Maths (STEM) subjects and to be creative and enterprising. The Trust has developed three strategic and two supporting strands to achieve their objective:

#### Strategic strands

1. Creating Global Awareness;
2. Re-inventing Work Related Learning; and
3. Enhancing Parent and Teacher Engagement.

#### Supporting strands

1. Leveraging Social Capital and;
2. Search & Reapplication of Best Practice.

Within each strand a number of activities were identified to assist in fulfilling the overall aim.

Creating global awareness activities were aimed at delivering an International Partnership Programme through:

- Developing programmes which showed the importance of languages;
- Developing an awareness programme focusing on Europe and China/India and;
- Developing cultural understanding.

Activities identified within the Re-inventing Work Related Learning strand were:

- Enhancing the curriculum through new models of enquiry based learning;
- Developing a Trust Apprenticeship initiative;
- Creating routes for dialogue on work awareness; and
- Developing a programme to deliver work relevant skills.

Enhancing Parent and Teacher Engagement is a three year programme aimed at developing approaches to assist Teachers and Parents to inspire students. The activities in this strategic strand target inspiring students in Science, Maths, Creativity and Enterprise.

Leveraging Trust Social Capital activities identified included:

- Developing routes to source and empower Trust governors;
- Enhancing commitment through strategic level membership engagement; and
- Leveraging external funding sources.

The aim is to engage the governors and develop a Trust programme which is focused on skills development.

Finally, the Search and Reapplication of Best Practice strand will develop a research brief focussed on examining European best practice, Maths, Science and Technology and disruptive strategies for increasing aspirations.

The objectives for the year were:

### Global Awareness

- To support member schools in achieving International status;
- To twin each Trust school to a European School or Employer.

### Work related Learning

- For each Trust school to have a well planned offer of work related learning which could work with employers;
- To develop a matrix system, which is subscribed to by employers, and which then becomes a menu for schools to choose from;
- To develop a Trust Apprenticeship scheme;
- To deliver a summer enterprise education scheme; and
- To establish a student business at one of the special schools.

### Enhancing Parent and Teacher Engagement

- To develop a programme to raise the aspirations of the parents, teachers and students;
- To establish an Innovation Fund to enable groups of members to work together.

### Employees

The Trust does not act as a direct employer. Partner members employ staff, following consultation with the Trustees, to work on Trust business. In consulting on the appointment of staff the Trustees considers all applications. The Trustees are

committed to valuing diversity and equality, challenging discrimination and social exclusion.

The Trustees are committed to developing communications with staff working on Trust objectives by engaging them through the relevant Partner member to be involved in the objective setting of the Trust.

## **Achievements and Performance**

### **Overview**

The Trust worked closely with North Tyneside Council to assist in the delivery of the programmes which were identified. Funding for some of the programmes came from the rate relief on School Members Department of Education funding which is held by North Tyneside Council. Two such schemes supported through this funding were the Apprenticeship Bursary programme and the Innovation Fund.

### **Apprenticeship Bursary programme**

In summer 2011 an Apprenticeship Bursary programme was launched with a target to offer ten level two and five level three Apprenticeships. The apprenticeship programme was successful in recruiting ten Not in Education, Employment or Training (NEET) students from the Trust schools into employment.

### **Innovation Fund**

A £40,000 Innovation Fund was launched on the 8 September 2011. The fund objective was to provide members with stimulus funding to increase innovation and pilot new activities in schools. The programme received an impressive response of 29 bids.

## **Financial Review**

### **Going Concern**

The Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it adopts the Going Concern basis in preparing these financial statements.

### **Business Review**

These financial statements reflect the first sixteen months of operational activity for the Trust. During the period the Trust received a total income of £137,718,276. Of this sum, £24,110 was received from the Learning Skills and Improvement Service (LSIS) in respect of a project related to working with employers to design innovative vocational curriculum aimed at potential NEET students. £75,000 was received from the Department of Education to support administrative and set up costs of the Trust and £137,619,152 related to the assets which were donated by North Tyneside Council and are held in a restricted fixed asset fund.

North Tyneside Council held rate relief from the School Members in a restricted fund and their use was directed by the Trust in line with its objective.



Costs for the year totalled £9,270,810. The majority of this amount £9,232,858 was the depreciation and revaluation losses related to the donated assets.

As an Educational Charity there is an assurance that all the income of the Trust must be applied for educational purposes. The resources received in year were applied to fulfil the charitable objective.

### Financial and Risk Management Objectives and Policies

The Trustees review the finances at each meeting. The money held by the Trust is monitored closely in terms of level of spend and appropriateness against the objective. Financial control over the Trust account is managed through a system of Trustee agreement and then two signatories to release funding.

The rate relief held in a restricted fund by North Tyneside Council is separately managed and controlled. It is subject to the financial and risk management objectives and policies of North Tyneside Council. The Trustees request Council officers to spend against this account in line with the objective of the Trust. The Council manages this account and regularly updates the Trustees on spend and remaining balances.

As this was the Trust's first operating period it sought to manage its finances in order to establish a good working capital at the year end. Reserves totalled £131,383,197 as at 31 December 2011. In the future the Trust will look to create financial and risk management objectives in order to sustain its operations.

### Environment

Currently the Trustees are working through members and their organisations to meet the objective of the Trust. In doing so they are making use of the commitment each member has to environmental issues.

The Trustees are currently working on developing an environmental policy to implement.

### Reserves Policy

The Trustees review the reserve balances of the Trust annually at the year end. This review encompasses the nature of the income and expenditure streams, any Trust commitments and the nature of the reserves. The Trust reserves can be divided between:

Those which cannot be readily realised and used for an alternative purpose, principally the fixed assets which were donated by North Tyneside Council. This reserve stood at £131,322,025 as at 31 December 2011; and

Those which are free to be used to meet the Trust's objective and are part of the unrestricted fund. At 31 December 2011 these funds amounted to £61,172.

### Investment Policy

The Trust was in a period of development during 2010/11 and needed to manage a number of operational issues. During the period of these financial statements the Trust held all its funds in an interest bearing current account. Moving forward the Trust is planning to increase funds through successful grant applications and further direct support from North Tyneside Council. At this stage the Trustees will develop an investment policy.

### **Plans for the Future**

The Trust has high hopes for the future in line with its objective.

### Membership

To increase the number of schools who are members of the Trust in order to provide a more coherent picture across North Tyneside and be even more representative of the area.

To increase the number of employer partners who are actively engaged in helping schools to improve the performance of our young people.

### Governance

To secure two Trust Governors for each Trust School.

### Employees

To appoint and directly employ a Chief Executive for the Trust.

### Operational programmes

To work in partnership with schools and North Tyneside Council to accelerate school improvement by;

- Securing extra capacity in English and Maths;
- Improving the quality of teaching; and
- Researching and reapplying techniques to improve Science, Technology, Engineering and Maths (STEM) in primary schools and Maths generally for pupils of all ages.

To secure further apprenticeships to reduce the chances of young people becoming NEET.

To further Science, Technology, Engineering and Maths (STEM) work by;

- Improving the outcome in science through the inspiration and up skilling of teachers with support from the National Science Centre; and
- Establishing a primary school STEM centre of excellence.

### Strategic work

To establish a structure to sponsor academies;

To explore educational routes to secure employment pathways to inspire and train young people and to attract employers to the region;

To explore work experience strategies to inspire young people and improve work related skills.

### **Public Benefit Statement**

The Charity's Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. This guidance is contained in "Charities and Public Benefit" published by the Charity Commission.

### **Auditors**

At the date of making this report each of the company's Trustees, as set out on page 3, confirm the following:

- So far as each Trustee is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The appointment of, Read Milburn and Co, was made following a meeting of the Board of Trustees on the 04 July 2012, in accordance with section 489 of the Companies Act 2006.

## Statement of Trustees Responsibilities

The Trustees are also Directors for the purposes of Company Law and are responsible for preparing the Trustees Report and the Statement of Financial Activities in accordance with the Annual Accounting Requirements issued by the United Kingdom Accounting Standards and applicable laws and regulations.

Company law requires the Trustees to prepare financial statements for each financial year which provide a true and fair view of the state of affairs of the Charity at the end of the year along with its incoming and outgoing resources, including its income and expenditure, for that period. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the Assets of the Trust and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the Trust Board on 18 September 2012 and signed on its behalf by:



Mr David Baldwin  
Chairman

## **Independent Auditors' Report to the Members of North Tyneside Learning Trust**

We have audited the financial statements of North Tyneside Learning Trust for the period ended 31 December 2011 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 that we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

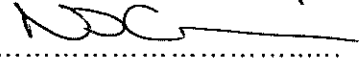
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

## North Tyneside Learning Trust

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- the financial statements are not in agreement with 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.



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Nicholas Liley (senior statutory auditor)  
For and on behalf of Read, Milburn & Co.  
Accountants and Statutory Auditors

71 Howard Street  
North Shields  
Tyne and Wear  
NE30 1AF

24 September 2012

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)  
FOR THE PERIOD 23 AUGUST 2010 TO 31 DECEMBER 2011**

	Notes	Unrestricted Fund £	Restricted Fund £	Restricted Fixed Asset Fund £	Total 2011 £
<b>Incoming resources</b>	2				
Incoming resources from generated funds:					
Voluntary income		0	0	137,619,152	137,619,152
Incoming resources from Charitable activities		75,000	24,110	0	99,110
Other incoming resources		14	0	0	14
<b>Total incoming resources</b>		<b>75,014</b>	<b>24,110</b>	<b>137,619,152</b>	<b>137,718,276</b>
<b>Resources expended</b>	3				
Cost of generated funds:					
Charitable activities		(129)	(25,877)	(9,232,858)	(9,258,864)
Governance costs	4	(11,946)	0	0	(11,946)
<b>Total resources expended</b>		<b>(12,075)</b>	<b>(25,877)</b>	<b>(9,232,858)</b>	<b>(9,270,810)</b>
Net incoming/outgoing resources before transfers		62,939	(1,767)	128,386,294	128,447,466
<b>Transfers</b>					
Gross transfers between funds	5	(1,767)	1,767	0	0
<b>Net income/(expenditure) for the year</b>		<b>61,172</b>	<b>0</b>	<b>128,386,294</b>	<b>128,447,466</b>
<b>Other recognised gains/losses</b>					
Gain on revaluation of fixed assets for Trust's own use		0	0	2,935,731	2,935,731
<b>Net Movement in Funds</b>		<b>61,172</b>	<b>0</b>	<b>131,322,025</b>	<b>131,383,197</b>
<b>Reconciliation of Funds</b>					
Total funds brought forward		0	0	0	0
<b>Funds carried forward at 31 December 2011</b>		<b>61,172</b>	<b>0</b>	<b>131,322,025</b>	<b>131,383,197</b>

All of the Trust's activities derive from continuing operations during the financial period.  
The Statement of Financial Activities includes all gains and losses in the period.  
The notes on pages 19 to 29 form part of these Financial Statements.

North Tyneside Learning Trust

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**BALANCE SHEET**  
**COMPANY NUMBER 07353837**  
**AS AT 31 DECEMBER 2011**

	Notes	Unrestricted Fund £	Restricted Fixed Assets Fund £	Total 2011 £
<b>Fixed Assets</b>				
Tangible Assets	6	0	131,322,025	131,322,025
<b>Total fixed assets</b>		<b>0</b>	<b>131,322,025</b>	<b>131,322,025</b>
<b>Current Assets</b>				
Debtors	7	69,881	0	69,881
Cash at the bank and in hand		3,247	0	3,247
<b>Total current assets</b>		<b>73,128</b>	<b>0</b>	<b>73,128</b>
<b>Liabilities</b>				
Creditors: Amounts falling due within one year	8	(6,956)	0	(6,956)
Short term liabilities	9	(5,000)	0	(5,000)
<b>Net current assets</b>		<b>61,172</b>	<b>0</b>	<b>61,172</b>
Total assets less current liabilities		61,172	131,322,025	131,383,197
<b>Net Assets</b>		<b>61,172</b>	<b>131,322,025</b>	<b>131,383,197</b>
<b>Funds</b>				
	10			
Restricted Fixed asset funds		0	131,322,025	131,322,025
Unrestricted income funds		61,172	0	61,172
<b>Total Funds</b>		<b>61,172</b>	<b>131,322,025</b>	<b>131,383,197</b>

The financial statements were approved by the Trust Board and authorised for issue on 18 September 2012 and are signed on their behalf by:



Mr David Baldwin  
 Chair

The notes on pages 19 to 29 form part of these Financial Statements.



**CASH FLOW STATEMENT  
FOR THE PERIOD 23 AUGUST 2010 TO 31 DECEMBER 2011**

	Notes	£	£
Net cash inflow from operating activities	11		(1,767)
Returns on investments and servicing of finance			
Interest received			14
Financing			5,000
Increase / (decrease) in cash			<u>3,247</u>
Net funds at 31 December 2011			3,247

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**Notes to the Financial Statements For the period 23 August 2010 to 31 December 2011**

**1. Accounting Policies**

**1.1. Basis of Preparation**

The financial statements have been prepared under historic cost convention in accordance with applicable United Kingdom Standards, the Charity Commission "Statement of Recommended Practice: Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except for where noted, is set out below.

**1.2. Going Concern**

The Trustees assess whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees will make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees have a reasonable expectation that the company will have adequate resources to continue to operate in the foreseeable future and continue to believe the going concern basis of accounting is appropriate in preparing these financial statements.

**1.3. Incoming Resources**

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amounts can be measured sufficiently reliably. Resources are analysed according to the activity that produced the resource.

Grants received

Grants are included in the Statement of Financial Activities on a received basis. Where the income is received for a specific purpose it is recognised as a restricted fund in the Statement of Financial Activities and if not expended during the period is shown in the relevant fund on the Balance Sheet. Where income is received in advance of entitlement the recognition is deferred and included in the creditors as deferred income. Where a condition exists which prevents recognition of the income, a contingent asset is disclosed where it is probable that the condition will be met in the future.

Donated Assets

Donated assets are included in the Statement of Financial Activities on a received basis. The value of donated assets provided to the Trust are recognised at their current value in the period in which they are received. An equivalent amount is included in the appropriate fixed asset category of the Balance Sheet and the asset is depreciated over the useful economic life in accordance with the Trust's policies.

**1.4. Resources Expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes VAT which cannot be fully recovered as the Company is

not registered for VAT. Therefore VAT is reported as part of the expenditure to which it relates.

#### Charitable Activities

Expenditure incurred in undertaking work to meet the charitable aims and objectives of the Trust are recognised under charitable activities.

#### Governance

Governance costs include costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, accountancy, strategic management, Trustee's meetings and reimbursed expenses.

### 1.5. Tangible Fixed Assets

Expenditure on the acquisition, creation or enhancement of Tangible Fixed Assets is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential will flow to the Trust and the cost can be reliably measured. Assets are then held on a revaluation basis consistent with the Trust's revaluation policy.

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bring the assets to their present location and condition necessary for it to be capable of operating in a manner intended by the board.

The use of de minimis levels for capital expenditure means that assets costing less than the de minimis level are charged to the Statement of Financial Activities. The de minimis levels used are £20,000 for Land and Buildings and £6,000 for Equipment. Assets costing more than the de minimis level are capitalised as Tangible Fixed Assets and are carried at cost net of depreciation and any provisions for impairment.

Where an asset has been donated it is included in the Balance Sheet at current value at the date of the gift and included in the Statement of Financial Activities as an incoming resource.

Where Tangible Fixed Assets have been acquired with the aid of a specific grant they are included in the Balance Sheet at cost and depreciated over the expected useful economic life. The related grant is credited to the relevant fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation is charged to the Statement of Financial Activities fund over the expected useful life of the related asset on a basis consistent with the Trust's depreciation policy.

#### Depreciation

Depreciation is provided for on all fixed assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight line basis over its expected useful economic life as follows:

- Buildings – (generally 30 to 60 years); and
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset (generally 3-10 years).

For all new Tangible Fixed Assets, no depreciation is charged in the year of acquisition but a full year of depreciation is charged in the year of disposal.

Where a fixed asset comprises of two or more major components with substantially different useful lives, each component will be accounted for as a separate asset and depreciated over its individual useful life.

#### Impairment

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Impairment losses are recognised in the Statement of Financial Activities as additional depreciation.

#### Revaluations

Tangible Fixed Assets are included in the Balance Sheet at depreciated replacement cost as at the Balance Sheet date. Assets are revalued sufficiently regularly on a rolling basis to ensure that their carrying amount is not materially different from their depreciated replacement cost at the year-end, but as a minimum every four years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Statement of Financial Activities where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant fund in the Statement of Financial Activities as additional depreciation.

### 1.6. Fund Accounting

#### Unrestricted Funds

Unrestricted Funds represent those resources which may be used in furtherance of the Trust's objectives.

#### Restricted Funds

Restricted Funds are funds which are to be applied for a specific purpose. They may be revenue or capital. Where funds are provided for fixed assets,

## North Tyneside Learning Trust

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the treatment of the fixed asset acquired will depend on the basis on which the asset is held.

### 2. Incoming Resources

The restricted fund of Learning, Skills and Improvement Service (LSIS) was a grant of £24,110 provided by the Learning Skills and Improvement Service with the defined purpose of improving the quality and coherence of support to 14-19 vocational education, through the establishment of stronger collaborative partnerships between schools, the local authority and employers. The outcome was to produce a practical guide for any school or employer that would outline an alternative to traditional work experience when engaging with potential young people who are Not in Education, Employment or Training (NEETS). During the year the expenditure exceeded the income by £1,767 due to the inclusion of additional partners that were engaged with in order to complete the project. It was agreed that the expenditure would be met from the unrestricted fund.

The unrestricted fund resource of £75,000 was a grant from the Department of Children, Schools and Families. The grant was provided to support the set up, legal and initial administrative costs of the Trust. No restrictions were placed on how the grant could be applied.

North Tyneside Council donated land, buildings and equipment to the Trust during the period amounting to £137,619,152 for the Trust to hold on behalf of the Trust School Members. This was placed in the Restricted Fixed Assets Fund.

	Unrestricted Fund	Restricted Fund	Restricted Fixed Asset fund	2011
	£	£	£	£
Trust Funds Grant from Department of Children Schools and Families	75,000	0	0	75,000
Learning Skills and Improvement Service Grant	0	24,110	0	24,110
Donated Trust school assets	0	0	137,619,152	137,619,152
Other income	14	0	0	14
	<b>75,014</b>	<b>24,110</b>	<b>137,619,152</b>	<b>137,718,276</b>

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### 3. Resources Expended

	Unrestricted Fund	Restricted Fund	Restricted Fixed Asset fund	2011
	£	£	£	£
Learning Skills and Improvement Project	0	25,877	0	25,877
Search and reapplication of best practice project	125	0	0	125
Printing and Marketing	4	0	0	4
Governance (note 4)	11,946	0	0	11,946
Depreciation	0	0	9,232,858	9,232,858
	<b>12,075</b>	<b>25,877</b>	<b>9,232,858</b>	<b>9,270,810</b>

### 4. Governance Costs

	£
Solicitor fees	4,406
Auditor fees	1,800
Accountancy fees	4,500
Trustee meetings	335
Advisory fees and guidance	905
	<u>11,946</u>

### 5. Transfers between Funds

During the period the Trustees agreed to transfer £1,767 to the restricted funds. This was to cover the additional spend incurred on the Learning Skills and Improvement Project which resulted to ensure that the additional partners that were engaged with could be included in the project.

## VALUATION CERTIFICATE TRUST SCHOOL VALUATIONS

The freehold and leasehold properties which comprise the Trust's portfolio have been valued as at 31st December 2011, either myself or staff under my supervision. The valuations of properties identified have been componentised and carried out on the undermentioned bases but not fully in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The departures from the manual are as follows.

1. Properties have not been inspected, instead member of Strategic Property and staff under my supervision have relied upon information and records held by the Council regarding each property.
2. A four year programme of property re-valuations is in progress, therefore not all properties have updated valuations.

The reasons for the departures from the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors arise from practicality in relation to the volume of work involved and available staff resources.

Valuations of the properties have been based upon depreciated replacement cost method in accordance with guidance.

Variations to properties between 1st September 2010 and 31st December 2011 (acquisitions, disposals and enhancements) have been valued at the date the change occurred.

### VALUATION CERTIFICATE:

I certify that the properties in this report have been inspected by me (subject to paragraph 1 above), that I valued the properties (subject to paragraph 1 above) and prepared this report, and that I am not disqualified from reporting on the properties.

I also certify that the re-valuations carried out during represent my opinion of the value of the properties affected.



Paul Green BSc (Hons) MRICS

For and on behalf of: North Tyneside Council  
Quadrant  
The Silverlink North  
Cobalt Business Park  
NE27 0BY

For those assets not revalued in the period the Trustees are not aware of any material changes since the last valuation.



**6. Tangible Fixed Assets**

	Land and Buildings £	Plant and Machinery £	Equipment £	Total £
<b>Asset Cost, Valuation or revalued amount</b>				
Balance Brought Forward	0	0	0	0
Additions	108,264,507	28,489,275	865,370	137,619,152
Revaluations	(2,057,537)	(72,034)	0	(2,129,571)
Balance Carried Forward	<u>106,206,970</u>	<u>28,417,241</u>	<u>865,370</u>	<u>135,489,581</u>
<b>Accumulated Depreciation and Impairment provisions</b>				
Balance Brought Forward	0	0	0	0
Revaluations	751,304	412,981	0	1,164,285
Charge for Year	(3,201,060)	(1,751,902)	(378,879)	(5,331,841)
Balance Carried Forward	<u>(2,449,756)</u>	<u>(1,338,921)</u>	<u>(378,879)</u>	<u>(4,167,556)</u>
<b>Net Book Value</b>				
Brought forward	0	0	0	0
Carried forward	<u>103,757,214</u>	<u>27,078,320</u>	<u>486,491</u>	<u>131,322,025</u>

**7. Current Debtors**

	2011 £
Other debtors	<u>69,881</u>

**8. Creditors due in one year**

Short term creditors comprise the following amounts payable:

	2011 £
Other creditors	<u>6,956</u>

North Tyneside Learning Trust

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**9. Short term liabilities**

Other creditors	2011
	£
North Tyneside Council	5,000

This loan is non-interest bearing and was secured from North Tyneside Council as working capital when the Trust was originally formed. It is due to be repaid in the next accounting period.

**10. Funds**

	Balance as at 23 August 2010	Income resources	Outgoing resources	Transfers	Gains and (Losses)	Balance as at 31 December 2011
	£	£	£	£	£	£
<b>Restricted Funds</b>						
Learning Skills and Improvement Service Grant	0	24,110	(25,877)	1,767	0	0
Donated Trust school assets	0	137,619,152	(9,232,858)	0	2,935,731	131,322,025
	0	137,643,262	(9,258,735)	1,767	2,935,731	131,322,025
<b>Unrestricted Funds</b>						
Department of Education Funding	0	75,000	(12,075)	(1,767)	0	61,158
Other unrestricted Funds	0	14	0	0	0	14
	0	75,014	(12,075)	(1,767)	0	61,172
<b>Total Funds</b>	<b>0</b>	<b>137,718,276</b>	<b>(9,270,810)</b>	<b>0</b>	<b>2,935,731</b>	<b>131,383,197</b>

**11. Cash Flow**

**Reconciliation of operating surplus to  
Net cash from operating activities**

	£
Operating surplus	128,447,466
Donated assets	(137,619,152)
Depreciation	9,232,858
(Increase)/decrease in debtors	(69,881)
Increase/(decrease) in creditors	6,956
Interest received	(14)
 Net cash inflow from operating activities	 <u>(1,767)</u>

**Reconciliation of net cash flow to  
movement in net funds**

	£	£
Increase in cash in the period	3,247	
Net funds at 23 August 2010		0
Net funds at 31 December 2011		<u>3,247</u>

**Gross Cash Flows**

	£	£
<b>Returns on investments and servicing of finance</b>		
Interest Received	14	
		<u>14</u>
 <b>Financing</b>		
Loan	5,000	
		<u>5,000</u>

## North Tyneside Learning Trust

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### Analysis of changes in Net Fund

	At 23 August 2010	Cash flows	Other changes	At 31 December 2011
	£	£	£	£
Cash in hand, at bank	0	3,247	0	3,247
<b>Total</b>	<b>0</b>	<b>3,247</b>	<b>0</b>	<b>3,247</b>

### 12. Trustee Expenses and Audit fees

The Trust incurred the following fees in relation to the statutory external audit

	<b>2011</b>
	<b>£</b>
Fees payable to Read Milburn and Co	1,800

No trustees received any remuneration during the period. No trustee had a personal interest in any contract or transaction entered into by the Charity during the period.

### 13. Staff Costs

North Tyneside Learning Trust did not employ any staff during the period. The staff costs identified below relate to the Company Secretary who was employed by the Governing body of one of the Trust school members, and two employees from North Tyneside Council. One acted as interim Project Manager from July 2011 and the other acted as a facilitator of some of the Trust activities.

The Staff costs during the period were:

	<b>2011</b>
	<b>£</b>
Wages and Salaries	63,220
National Insurance	5,306
Superannuation	9,148
	<u>77,674</u>

The average number of persons who supported the Trust objectives during the period, expressed as full time equivalents, was 2.

There were no employees whose emoluments were greater than £60,000.

**14. Related Parties**

The Trust has a close working relationship with North Tyneside Council. North Tyneside Council hold funds which are spent on behalf of the Trust which enables the Trust to fulfil its charitable objectives. North Tyneside Council also provided a loan of £5,000 to the charity for administrative support.