

Company Registration No. 08083620 (England and Wales)

BALMORAL LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021

BALMORAL LEARNING TRUST

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BALMORAL LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
5th Floor
102 Grey Street
Newcastle Upon Tyne
Tyne And Wear
NE1 6AG
United Kingdom

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle Upon Tyne
Tyne And Wear
NE1 4BF
United Kingdom

BALMORAL LEARNING TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates 2 primary schools (including one with a nursery class) for pupils aged 3 to 11 years in Sunderland. Its academies have a combined pupil capacity of 900 and a roll of 905 in the school census on 20 May 2021.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee (registration no.8083620) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Balmoral Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Balmoral Learning Trust, with the academies also trading under their individual school names: East Herrington Primary Academy and Hetton Lyons Primary School.

Details of the trustees who served throughout the period between 1 September 2020 and 31 August 2021, and to the date these accounts are approved, are included in the Reference and Administrative Details section on page 1.

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

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

- a. up to 5 Trustees, appointed under Article 50
- b. any Staff Trustees, if appointed under Article 50AA and subject to Article 50B;
- c. the Chief Executive Officer, if appointed under Article 57; and

d. a minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Article 101A.

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

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

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Policies and procedures adopted for the induction and training of trustees

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

Organisational structure

Balmoral Learning Trust is a multi-academy trust whose board of trustees meets at least 6 times per year to discuss its strategic objectives with the Chief Executive, who is the Accounting Officer of the Trust. For the period ending 31 August 2021, the structure consists of three levels: The Trustees, Chief Executive Officer and the Executive Leadership Team.

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

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

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

The Director of Finance and Operations is responsible for the management of the financial systems, sourcing additional funds, and ensuring efficient and effective use of resources. The Trust Central Team is responsible for the authorisation of spending up to agreed limits as stated in the scheme of delegation and the finance manual, alongside the management of all administrative and facilities staff.

Arrangements for setting pay and remuneration of key management personnel

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

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	3,516,637
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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Related parties and other connected charities and organisations

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

For the period ending 31 August 2021, 6 trustees and Senior Leadership Team members declared connections to organisations or related party relationships. During the reporting period no transactions were carried out that would be impacted by these declared relationships.

Objectives and activities

Objects and aims

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

Objectives, strategies and activities

During the period ending 31 August 2021 Balmoral Learning Trust has built on the structures and processes previously established (2020) to foster good governance and transparency. This has included working with an external consultant to further develop leadership structures, roles and responsibilities and accountabilities. During the year this included consolidation of the Central Team functions and the implementation of the revised performance review process for both Directors and the Local Governing Bodies.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The main objectives during the 2020-21 financial year are summarised below:-

Continue to strengthen educational leadership

With a new Chief Executive established in role and a review of systems and processes underway, the objective will be to continue to provide continuity and effective leadership at Trust and academy level in both education and finance.

Implement changes to our governance model

All structures, committees and individual responsibilities, as well as the performance measures appropriate to promoting excellent school performance going forward, have been and continue to be reviewed. This year, with the support of external consultants appointed by the Board, these changes will be streamlined and adjusted further to meet our needs. The Local Governing Bodies will be more able to focus on school-based activity against agreed performance outcomes as a result.

Further develop performance and target setting

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

Continue to promote effective community involvement

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

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

Public benefit

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

Strategic report

Achievements and performance

Balmoral Learning Trust contains two Ofsted rated 'Good' academies. East Herrington Primary was inspected during 2018-19 and received high praise from inspectors regarding the outcomes for children. End of key phase results have again been impressive over recent years, and each academy has met the floor standards set by the Department for Education.

End of key stage results consistently indicate that by the time pupils leave academies within the Trust they have made good progress and results are consistently better than national results and in the top 20% of all schools nationally. To ensure that standards are continually raised, the Trust operates a programme of internal and external reviews of curriculum areas and works closely with external providers to monitor the impact of teaching and learning.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The curriculum in our schools is broad and balanced and based on the best available evidence and celebrating the opportunities available in our locality. As well as the National Curriculum, children have the opportunity to take part in musical and sporting activities. There is a programme that develops children as young citizens with a great emphasis on keeping themselves safe. Our schools are recognised across the region for their choir and brass band and links with local community groups.

Due to the coronavirus pandemic, end of key phase testing was cancelled by the Government for the academic year 2020-21. Our staff and pupils worked hard to maintain education and learning during the school closures, and we are incredibly proud of the effort and collaboration involved in ensuring that the curriculum could continue in an alternative form. Following the return of children to school, staff quickly identified gaps in learning and used additional funding to begin to close these gaps, ensuring that children were emotionally prepared to continue their learning journey. The success of this was recognised in monitoring visits by OFSTED in Autumn 2020 which focused on remote learning and the return to school.

MAT Profile 2018 - 2021

Balmoral Learning Trust

EYFS Good level of development	2018 - TA			2019 - TA			Unofficial 2021 - TA		
	Boys	Girls	All	Boys	Girls	All	Boys	Girls	All
	53-1.9%	52-1.6%	115-0.9%	61-1.6%	61-1.6%	122-0.8%			
	62.3	74.2	68.7	62.3	82.0	72.1			
PHONICS	69-1.5%	52-1.9%	120-0.8%	54-1.9%	61-1.6%	115-0.9%	22-4.5%	38-2.6%	60-1.7%
Y1 Phonics	85.3	88.5	86.7	85.2	85.2	85.2	59.1	84.2	75.0

KS1 (Y2)		2018 - TA			2019 - TA			Unofficial 2021 - TA		
		Boys	Girls	All	Boys	Girls	All	Boys	Girls	All
		64-1.6%	57-1.8%	121-0.8%	67-1.5%	52-1.9%	119-0.8%	34-2.9%	26-3.8%	60-1.7%
Reading TA	EXS	75.0	82.5	78.5	79.1	80.8	79.8	61.8	69.2	65.0
	GDS	23.4	35.8	29.8	26.9	26.9	26.9	11.8	26.9	18.3
Writing TA	EXS	68.8	84.2	76.0	76.1	80.8	78.2	38.2	23.1	31.7
	GDS	17.2	35.1	25.6	23.9	25.0	24.4	0.0	11.5	5.0
Maths TA	EXS	73.4	87.7	80.2	85.1	80.8	83.2	73.5	38.5	58.3
	GDS	25.0	29.8	27.3	32.8	28.8	31.1	5.9	11.0	3.3

KS2 (Y6)		2018 - TEST			2019 - TEST			Unofficial 2021 - TEST		
		Boys	Girls	All	Boys	Girls	All	Boys	Girls	All
		67-1.5%	52-1.5%	119-0.8%	57-1.8%	60-1.7%	117-0.9%	31-3.2%	27-3.7%	58-1.7%
Reading Test	EXS	85.1	84.6	84.9	89.5	88.3	88.9	80.6	88.9	84.5
	HS	41.8	32.7	37.8	28.1	40.0	34.2	35.5	37.0	36.2
	Scaled	103.9	103.4	103.6	104.5	105.9	105.1	103.2	107.0	103.5
Writing TA	EXS	92.5	88.5	90.8	93.0	95.0	94.0	80.6	81.5	81.0
	GDS	25.4	23.1	24.4	24.6	33.3	29.1	25.8	29.6	27.6
	WTE	6.0	5.8	5.9	7.0	5.0	6.0	19.4	18.5	19.0
SPaG Test	EXS	85.1	92.3	88.2	93.0	91.7	92.3	74.2	77.8	75.9
	HS	37.3	32.7	35.3	40.4	41.7	41.0	32.3	33.3	32.8
	Scaled	107.1	107.0	107.0	108.6	108.7	107.5	105.3	105.8	105.5
Maths Test	EXS	89.6	88.5	89.1	94.7	90.0	92.3	87.1	74.1	81.0
	HS	31.3	25.0	28.6	49.1	30.0	39.3	32.3	22.2	27.6
	Scaled	105.1	103.3	104.1	105.9	105.0	105.3	107.0	103.3	105.2
RWM Combined	EXS	79.1	78.8	79.0	86.0	83.3	84.6	74.2	74.1	74.1
	HS	20.9	15.4	18.5	14.0	20.0	17.1	25.8	14.8	20.7
	No of Disadvantaged	38	24	47	21	15	25	6	6	12
RWM Comb Disadvantaged	EXS	72.2	79.2	76.2	81.0	61.1	71.8	33.3	83.3	58.3
	HS	11.1	12.5	11.9	0.0	11.1	5.1	0.0	16.7	8.3

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Finance

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

Financial benchmarking against similar schools indicates that total expenditure at both East Herrington Primary Academy and Hetton Lyons Primary School is on a par with other schools within the sample, as is expenditure on staffing, premises, and supplies and services costs. Occupation costs at Hetton Lyons Primary School were identified as being higher than other schools in the previous period, however as expected this has been rectified in the most recent benchmarking figures. Comparison of staffing costs within the sample indicates that expenditure on teaching staff costs at Hetton Lyons Primary school remains above average, however this was a planned decision due to the context of the school and has been well managed within staffing budgets. The additional cost of teaching has contributed to improved educational outcomes for children within the academy.

The board of trustees has a robust strategy in place to mitigate financial pressures faced by all academies during 2020-21 and beyond. Budgets are closely monitored and spending is linked to Trust objectives and school improvement plans with the aim of improving outcomes for pupils. With the increase in academies within the Trust, Directors hope to achieve economies of scale through the streamlining of processes to enable savings to be reinvested into the academies in the Trust.

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

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

Pupil Recruitment

Despite local trends in the birth rate indicating a dip in primary applications for the 2020-21 academic year, pupil numbers have remained relatively stable with both schools being full in their Reception class intake. In-year applications and pupil movements have been minimal. Forecast figures for September 2021 indicate that the reception class at both schools will be full for the new academic year. The stability in the pupil population has contributed to both the positive learning environment in school and the financial stability.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The trustees have considered potential material uncertainties such as new schools joining the trust, however they are confident in the robust budget setting procedures the academy trust currently has in place. For this reason, the trust continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The majority of the Trust's income is obtained from the Department for Education (DfE) and the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, most of which is restricted to particular purposes. This funding, including the General Annual Grant (GAG), was received during the period ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2021, total expenditure of the Trust was met by recurrent grant funding from the ESFA, together with other incoming resources.

At 31 August 2021 the in-year surplus for the Trust was £509,673. The total value of reserves held at 31 August 2021 is £5,604,769, of which £4,408,841 relates to restricted funds not available for general purposes of the trust

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The board of trustees has adopted the following policies relating to Finance and Governance during 2020-21:-

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

The trust reserves at present are being held for refurbishment and extension purposes, as well as to fund improvements to classroom and kitchen ceilings and lighting which need to be replaced. A successful bid for Condition Improvement Funding was made relating to the replacement of the roof at East Herrington Primary Academy, with work beginning in 2021-22. The Trust has committed to contributing £127k from reserves towards these works.

During the period improvements have been made to the Trust's academies ICT infrastructure and equipment at both schools, replaced perimeter fencing at both sites and the Outdoor Play and Learning (OPAL) provision at both schools. Planning permission has also been sought and obtained for future extension projects at East Herrington Primary Academy that will maximise the available facilities in the early years and foundation stage. Funds will be allocated to a rolling programme of refurbishment / replacement of capital items including the boilers and heating system at East Herrington Primary Academy which is 1950s CLASP construction. Funds will also be allocated to the extension and redevelopment of the school kitchen at Hetton Lyons Primary School should Directors decide to bring the catering provision in-house at the end of the current service level agreement.

Funds received by the Trust follow the accepted principles of regularity and best practice. Internal control is rigorous with internal audit reviews carried out twice yearly and a full external audit of the main accounts carried out on an annual basis. During the period ending 31 August 2021 all action points related to internal audit have been addressed / implemented for the start of the next financial year.

The employer contributions to the Local Government Pension Scheme have reduced following the most recent actuarial review from 25.2% to 18.9% from April 2020. This has had a high impact on staffing budgets during the period and has allowed the saving to be spent on pupils and their education.

Balmoral Learning Trust, like many others, has suffered a loss of voluntary income across both schools due to the coronavirus restrictions and school closures during 2019-20 and 2020-21. East Herrington Primary Academy runs its own catering provision and both schools run highly successful wraparound breakfast and after school clubs which together saw losses of around a fifth of the usual income from January to March 2021. The losses have been successfully managed through in-year savings for the most part, and East Herrington Primary Academy claimed for exceptional FSM costs associated with coronavirus from the Government.

Reserves policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant (GAG) income and other grants.

The Directors will try to match income with expenditure in the current period and will carry forward reserves that it considers necessary for future periods of expenditure. It has been agreed by the Audit and Finance Committee that the academies should aim to carry a prudent level of resources designed to meet unplanned expenditure in future periods. It has been agreed that this amount would be at least 1 month's working capital (preferably 2 months). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Trust schools are able to request the use of reserves for planned priorities such as capital works which may not be covered entirely by in-year revenue funding.

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

A surplus or deficit position of the pension schemes employed by the Trust would generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. Following a review of the Teachers Pensions Scheme, the employer contribution rate increased from 16.48% to 23.68% during the period ending 31 August 2020, however the Trust's employer contribution rate to the Local Government Pension scheme has reduced from 25.2% to 18.9% from 1 April 2020.

The total value of reserves held at 31 August 2021 is £5,604,769 of which £4,408,841 relates to restricted funds not available for general purposes of the trust. It is estimated that £300,000 of unrestricted funds will be spent on capital projects over the next 3 years to 5 years as previously mentioned above.

Investment policy

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

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

Principal risks and uncertainties

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

Key Risks Identified during 2020-21:-

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. As with all schools, the majority of incoming monetary resources are Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same, or that public funding will continue at the same levels or on the same terms. The biggest financial risk to the balance sheet moving forward will come from the LGPS (Local Government Pension Scheme), however Directors consider that as each academy is currently able to meet its annual contribution commitments, and as Parliament has agreed that in the event of closure the Department for Education would meet the LGPS liabilities, the risk from this liability is minimised as far as possible. Additional budget expenditure was required during 2019-20 and 2020-21 in relation to Covid-19, and whilst the Trust was able to recoup some of this via government grant funding, Directors are aware that this additional expenditure will continue into the financial year ending 31 August 2022 and it may not be possible to reclaim these future costs.

Reputational- the continuing success of the Trust is dependent on the ability to attract pupils in sufficient numbers by maintaining the highest educational standards. Directors are aware of plans for local schools to increase their PAN at the request of the local authority. The impact on Trust schools will be closely monitored and in order to mitigate risk, Directors will ensure that pupil success and achievement are closely monitored and reviewed, and that the education offered meets the needs of our local communities.

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

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Leadership and Management - Strategies to develop leadership continue to be successful. The development of the leadership capacity across the trust will ensure that the outcomes for pupils and school improvement remain high moving forward. The leadership structure at both Trust schools was reviewed at the end of the academic year 2020-21 with a view to implementation from September 2021. This new structure will allow for greater opportunity, progression and succession planning.

Fundraising

The Trust does not directly pursue fundraising activities, however individual academies within the Trust may occasionally hold fundraising events during the course of the academic year, for example coffee mornings and summer fairs. Occasionally these events are run in conjunction with Friends of the School which is a PTA charity in its own right. The Trust does not currently use any external fundraisers. All fundraising undertaken during the year was monitored by Trustees via delegated authorities. Due to Covid-19 restrictions, levels of fundraising were lower in 2020-21 than in previous years.

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

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

Plans for future periods

- Balmoral Learning Trust will continue to actively pursue actions which will lead to others joining the Trust. Despite uncertainties nationally, the Trustees and Members are also determined to continue to ensure financial and policy stability going forward.
- Using the work led by an external provider we will implement the agreed changes to the Trust structure to ensure roles and responsibilities are understood by all. This will be seen through a more strategic School Improvement Partner approach, more integrated website content and streamlined processes.
- Work in partnership with other schools to develop Balmoral Learning Trust and the benefits that it can offer to its pupils and local communities.
- Continue to support other schools in developing and improving educational opportunities for all children as part of local and national forums and the Chief Executive's role as a Local Leader of Education.
- Provide staff with high quality professional development opportunities to enable the implementation of a high quality curriculum that gives all children the cultural capital and ambition to succeed in life.
- Ensure the Trust supports schools during and after the Covid-19 pandemic to maintain the high quality of education they provide.
- Work with schools to develop an effective catch up programme that is based on sound evidence of effectiveness.
- Ensure there is a blended learning opportunity for schools in the Trust so that children can move between home and school learning across the curriculum.

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

BALMORAL LEARNING TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Auditor

Insofar as the trustees are aware:

- There is no relevant audit information of which the company's auditor is unaware;
- 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 trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ~~7th Dec '21~~ and signed on its behalf by:



P Chapman
Chair of Directors

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

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

As trustees, we have reviewed and taken account of the guidance in the DfE's Governance Handbook and competency framework for governance.

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met during 7 times during the year, with Members also invited to attend meetings termly (3 in total). Due to Covid-19, the Board has met virtually from April 2020 onwards. Attendance during the year at meetings of the board of trustees was as follows:-

Trustees	Meetings attended	Out of possible
P Chapman (Chair of Directors)	7	7
D Brown	6	7
T Hambleton	6	7
A Hodgson (Resigned 7 October 2020)	0	0
J M Robe	2	7
D Todd (Resigned 19 September 2020)	0	0
S Bell (Accounting Officer)	7	7
P Cheers	3	7
P D Sandersfield (Appointed 1 July 2021)	1	1

During the period ending 31 August 2021, the board of trustees has gone through a period of transition with 1 director appointed during the period. In line with the ongoing development of the multi-academy trust, there is now an intense focus on the strategic abilities of academy trustees in order to ensure that Trust governance mirrors the 6 key features of effective governance, namely strategic leadership, accountability, people, structures, compliance and evaluation as set out in the Competency Framework for Governance published in January 2017 and the Governance Handbook published in October 2020. As a response to the medium to long term challenge of becoming a larger trust, the board of trustees at Balmoral Learning Trust has developed a strategic business plan to guide future planning and decision making over the next 3-5 years.

The Trust regularly undertakes reviews of strategic leadership and management, as well as teaching and overall performance. During the reporting period concerned, an external evaluation of governance structures, including the scheme of delegation, was undertaken. Directors, LGBs and the Executive Leadership Team worked alongside Avec to review and update governance procedures which will be implemented from September 2021. External evaluations were also carried out by school improvement partners and Ofsted which included interviews with members of the board of trustees and assessed the impact that it has on the daily running of the trust schools. The Directors will continue with their cycle of evaluation regarding the impact and effectiveness of the board in the new financial year as the Trust develops. A programme of CPD is in place for directors to ensure that they are able to undertake the function and responsibilities of their roles.

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The **Audit and Finance Committee** is a sub-committee of the main board of directors and for the period ending 31 August 2021 comprised of 4 directors. Its purpose is to ensure the efficient and effective use of resources both at a Trust and individual school level. Due to Covid-19, the committee has met virtually from April 2020 onwards. Attendance at meetings in the period was as follows:-

Trustees	Meetings attended	Out of possible
P Chapman (Chair of Directors)	3	3
T Hambleton	3	3
J M Robe	0	3
S Bell (Accounting Officer)	3	3

The Director of Finance and Operations, although not a director, also attends meetings of the Audit and Finance Committee. There is no separate Audit and Risk committee. These functions are undertaken by the Audit and Finance Committee.

Review of value for money

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

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

Improving Educational Results

During the 2020-21 academic year, the Trust has used the Covid Recovery Grant to address the needs of pupils and close the gap in attainment following periods of school closures during 2019-20 and 2020-21. Creative use of staffing has allowed Trust schools to increase the amount of focussed time staff are able to spend supporting children one to one and through small group intervention. Although standardised testing was scrapped for summer 2021, teacher assessments show the positive impact of continued education during lockdown.

Year on year, end of KS1 and KS2 results consistently indicate that pupils within the Trust make good progress and results are consistently better than national results and in the top 20% of all schools nationally. The Trust has a good reputation within the communities it serves and regularly has applications for places at its academies above the published admission number for the Reception class intake. There is currently an admissions waiting list in most year groups across Trust academies.

Financial Governance and Oversight

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

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

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

In line with the Academies Financial Handbook 2020, the Directors led the programme of internal scrutiny. Internal and external auditors have been appointed by the trust to review financial processes and test the internal controls that are in place on a timetabled basis. Reports are produced and given to the board of trustees to provide assurance and independent oversight of the trust's financial affairs. The board of trustees also receives and approves the Annual Accounts and the External Auditors Management Report at the year end. Auditor reports to 31 August 2021 gave substantial assurance that the Trust has effective governance and financial management arrangements in place, concluding that the controls evaluated are well designed, appropriate in scope and applied consistently and effectively.

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

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

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Balmoral Learning Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has appointed JGT Internal Audit as internal auditor.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial systems. On a timetabled basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. During the period 1 September 2020 and 31 August 2021 two internal audit reviews were carried out in addition to the year-end annual external audit. Actions arising as a result of the internal auditor's work have been addressed and the trust will aim to adopt recommendations of best practise over the next financial period. In particular the checks carried out in the current period included:-

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

On a termly basis, reports are presented to the board of trustees through the Audit and Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. Despite needing to make adaptations to processes due to Covid-19, the internal auditor has delivered their schedule of work as planned to 31 August 2021.

Review of effectiveness

As accounting officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:-

- the work of the internal auditor;
- the work of the external auditor;
- the school resource management assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

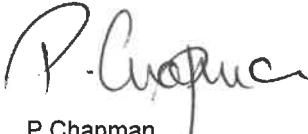
BALMORAL LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 7th Dec '21 and signed on its behalf by:



P Chapman
Chair of Directors



S Bell
Accounting Officer

BALMORAL LEARNING TRUST


STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2021

As accounting officer of Balmoral 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 2020.

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 2020.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



S Bell
Accounting Officer

7 December 2021

BALMORAL LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors of Balmoral Learning Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 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 2020 to 2021;
- 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 7th Dec '21 and signed on its behalf by:


P Chapman
Chair of Directors

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of Balmoral Learning Trust for the year ended 31 August 2021 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 2020 to 2021 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 2021 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 2020 to 2021.

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Use of our report

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



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

13 December 2021

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
United Kingdom
TS22 5TB

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 7 October 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Balmoral Learning Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Balmoral Learning Trust's funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

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 basis including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Azets Audit Services

Dated: 13 December 2021

BALMORAL LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	3	3,437	5,832	832,155	841,424	32,733
Charitable activities:						
- Funding for educational operations	4	100,148	4,456,918	-	4,557,066	4,306,502
Other trading activities	5	121,037	9,478	-	130,515	134,555
Investments	6	132	-	-	132	523
Total		<u>224,754</u>	<u>4,472,228</u>	<u>832,155</u>	<u>5,529,137</u>	<u>4,474,313</u>
Expenditure on:						
Raising funds	7	39,508	724	-	40,232	59,707
Charitable activities:						
- Educational operations	9	168,984	4,646,951	244,297	5,060,232	4,700,073
Total	7	<u>208,492</u>	<u>4,647,675</u>	<u>244,297</u>	<u>5,100,464</u>	<u>4,759,780</u>
Net income/(expenditure)		16,262	(175,447)	587,858	428,673	(285,467)
Transfers between funds	18	(3,130)	(98,071)	101,201	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	81,000	-	81,000	(1,250,000)
Net movement in funds		<u>13,132</u>	<u>(192,518)</u>	<u>689,059</u>	<u>509,673</u>	<u>(1,535,467)</u>
Reconciliation of funds						
Total funds brought forward		512,012	(2,711,698)	7,294,782	5,095,096	6,630,563
Total funds carried forward		<u>525,144</u>	<u>(2,904,216)</u>	<u>7,983,841</u>	<u>5,604,769</u>	<u>5,095,096</u>

BALMORAL LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020	Notes	Unrestricted funds £	Restricted funds: General	Fixed asset £	Total 2020 £
Income and endowments from:					
Donations and capital grants	3	8,845	5,832	18,056	32,733
Charitable activities:					
- Funding for educational operations	4	102,116	4,204,386	-	4,306,502
Other trading activities	5	124,455	10,100	-	134,555
Investments	6	523	-	-	523
Total		<u>235,939</u>	<u>4,220,318</u>	<u>18,056</u>	<u>4,474,313</u>
Expenditure on:					
Raising funds	7	56,099	3,608	-	59,707
Charitable activities:					
- Educational operations	9	198,958	4,281,808	219,307	4,700,073
Total	7	<u>255,057</u>	<u>4,285,416</u>	<u>219,307</u>	<u>4,759,780</u>
Net expenditure		(19,118)	(65,098)	(201,251)	(285,467)
Transfers between funds	18	-	(27,250)	27,250	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(1,250,000)	-	(1,250,000)
Net movement in funds		(19,118)	(1,342,348)	(174,001)	(1,535,467)
Reconciliation of funds					
Total funds brought forward		531,130	(1,369,350)	7,468,783	6,630,563
Total funds carried forward		<u>512,012</u>	<u>(2,711,698)</u>	<u>7,294,782</u>	<u>5,095,096</u>

BALMORAL LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	13		20,096		15,715
Tangible assets	14		7,168,398		7,277,682
			<u>7,188,494</u>		<u>7,293,397</u>
Current assets					
Debtors	15	1,017,983		183,737	
Cash at bank and in hand		1,150,255		1,032,333	
		<u>2,168,238</u>		<u>1,216,070</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(248,963)		(223,371)	
Net current assets			1,919,275		992,699
Net assets excluding pension liability			<u>9,107,769</u>		<u>8,286,096</u>
Defined benefit pension scheme liability	20		(3,503,000)		(3,191,000)
Total net assets			<u>5,604,769</u>		<u>5,095,096</u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			7,983,841		7,294,782
- Restricted income funds			598,784		479,302
- Pension reserve			(3,503,000)		(3,191,000)
Total restricted funds			<u>5,079,625</u>		<u>4,583,084</u>
Unrestricted income funds	18		525,144		512,012
Total funds			<u>5,604,769</u>		<u>5,095,096</u>

The accounts on pages 25 to 49 were approved by the trustees and authorised for issue on 7th Dec '21 and are signed on their behalf by:


 P Chapman
 Chair of Directors

Company Number 08083620

BALMORAL LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	21		(574,971)		72,910
Cash flows from investing activities					
Dividends, interest and rents from investments		132		523	
Capital grants from DfE Group		812,179		18,056	
Purchase of intangible fixed assets		(18,392)		(1,032)	
Purchase of tangible fixed assets		(101,026)		(44,274)	
Net cash provided by/(used in) investing activities			<u>692,893</u>		<u>(26,727)</u>
Net increase in cash and cash equivalents in the reporting period			117,922		46,183
Cash and cash equivalents at beginning of the year			1,032,333		986,150
Cash and cash equivalents at end of the year			<u>1,150,255</u>		<u>1,032,333</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 2021 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.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software: length of contract terms

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

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

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

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

Land	125 years
Buildings	50 years
Leasehold improvements	50 years
Computer equipment	4 years
Fixtures, fittings and equipment	10 years

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

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

1.7 Liabilities

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

1.8 Leased assets

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

1.9 Financial instruments

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

Financial assets

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

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

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated 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 Education and Skills Funding Agency/Department for Education.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2021. 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.

Land and buildings

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The land and buildings are valued on the basis of valuations provided by the ESFA/local authority

Depreciation

Depreciation is calculated as to write off the cost of an asset off over its useful economic life. The accounting policies are disclosed in the accounting policy above.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Donated fixed assets	-	19,976	19,976	-
Capital grants	-	812,179	812,179	18,056
Other donations	3,437	5,832	9,269	14,677
	<u>3,437</u>	<u>837,987</u>	<u>841,424</u>	<u>32,733</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,359,312	3,359,312	3,195,569
Other DfE / ESFA grants:				
UIFSM	-	126,044	126,044	127,823
Pupil premium	-	251,288	251,288	249,190
Teachers pension grants	-	122,647	122,647	121,707
Teachers pay grants	-	42,996	42,996	42,663
PE and sports premium	-	39,190	39,190	39,160
Rates	-	17,152	17,152	16,996
Others	-	11,498	11,498	21,201
	-	3,970,127	3,970,127	3,814,309
Other government grants				
Local authority grants	-	380,241	380,241	390,077
Covid-19 additional funding (non DfE/ ESFA)				
Coronavirus Catch-up premium	-	38,230	38,230	-
Covid-19 additional funding (DfE/ESFA)				
Coronavirus Catch-up premium	-	68,320	68,320	-
Other funding				
Catering income	81,084	-	81,084	68,071
Other incoming resources	19,064	-	19,064	34,045
	100,148	-	100,148	102,116
Total funding	100,148	4,456,918	4,557,066	4,306,502

The academy received £68,320 of funding for catch-up premium and cost incurred in respect of this funding totalled £68,320.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	906	-	906	3,534
Catering income	617	-	617	980
Music tuition	18,544	-	18,544	20,912
Trips	18,441	-	18,441	27,040
Other income	82,529	9,478	92,007	82,089
	<u>121,037</u>	<u>9,478</u>	<u>130,515</u>	<u>134,555</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	132	-	132	523
	<u>132</u>	<u>-</u>	<u>132</u>	<u>523</u>

7 Expenditure

	Staff costs £	Non-pay expenditure		Total 2021 £	Total 2020 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	-	-	40,232	40,232	59,707
Academy's educational operations					
- Direct costs	2,800,550	-	190,875	2,991,425	2,928,993
- Allocated support costs	1,094,186	548,654	425,967	2,068,807	1,771,080
	<u>3,894,736</u>	<u>548,654</u>	<u>657,074</u>	<u>5,100,464</u>	<u>4,759,780</u>

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for:		
- Audit	8,100	8,100
- Other services	2,300	2,300
Operating lease rentals	11,446	10,940
Depreciation of tangible fixed assets	231,974	205,068
Amortisation of intangible fixed assets	12,323	14,239
Net interest on defined benefit pension liability	53,000	31,000
	<u>319,143</u>	<u>299,647</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 Central services

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

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

The amounts charged during the year were as follows:

	2021 £	2020 £
East Herrington Academy	105,600	84,725
Hetton Lyons Academy	107,734	84,497
	<u>213,334</u>	<u>169,222</u>

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Direct costs				
Educational operations	32,206	2,959,219	2,991,425	2,928,993
Support costs				
Educational operations	136,778	1,932,029	2,068,807	1,771,080
	<u>168,984</u>	<u>4,891,248</u>	<u>5,060,232</u>	<u>4,700,073</u>

	2021 £	2020 £
Analysis of support costs		
Support staff costs	1,094,186	902,517
Depreciation and amortisation	244,297	219,307
Technology costs	26,662	29,787
Premises costs	304,357	263,392
Other support costs	378,203	338,447
Governance costs	21,102	17,630
	<u>2,068,807</u>	<u>1,771,080</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	2,689,572	2,557,049
Social security costs	242,193	226,326
Pension costs	917,117	774,757
	<u>3,848,882</u>	<u>3,558,132</u>
Staff costs - employees	3,848,882	3,558,132
Agency staff costs	45,854	38,730
	<u>3,894,736</u>	<u>3,596,862</u>
Staff development and other staff costs	18,424	36,404
	<u>3,913,160</u>	<u>3,633,266</u>

Staff numbers

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

	2021 Number	2020 Number
Teachers	79	79
Administration and support	34	39
Management	4	4
	<u>117</u>	<u>122</u>

Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
	<u>3</u>	<u>3</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £345,657 (2020: £330,745).

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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:

S Bell (headteacher)	
Remuneration:	£75,001 - £80,000 (2020: £70,001 - £75,000)
Employer's pension contributions:	£15,001 - £20,000 (2020: £15,001 - £20,000)

Other related party transactions involving the trustees are set out in note 25.

12 Trustees' and officers' insurance

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

13 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2020	50,817
Additions	18,392

At 31 August 2021	69,209

Amortisation	
At 1 September 2020	35,102
Charge for year	14,011

At 31 August 2021	49,113

Carrying amount	
At 31 August 2021	20,096
	=====
At 31 August 2020	15,715
	=====

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

	Land	Leasehold improvements	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2020	6,931,097	827,663	237,156	183,817	8,179,733
Additions	-	45,938	44,005	31,059	121,002
At 31 August 2021	6,931,097	873,601	281,161	214,876	8,300,735
Depreciation					
At 1 September 2020	603,138	49,476	161,463	87,974	902,051
Charge for the year	161,474	16,839	35,494	16,479	230,286
At 31 August 2021	764,612	66,315	196,957	104,453	1,132,337
Net book value					
At 31 August 2021	6,166,485	807,286	84,204	110,423	7,168,398
At 31 August 2020	6,327,959	778,187	75,693	95,843	7,277,682

15 Debtors

	2021 £	2020 £
Trade debtors	1,187	5,617
VAT recoverable	46,434	33,802
Other debtors	584	584
Prepayments and accrued income	969,778	143,734
	1,017,983	183,737

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	72,247	55,506
Other taxation and social security	1,750	1,750
Other creditors	2,070	2,070
Accruals and deferred income	172,896	164,045
	248,963	223,371

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Deferred income

	2021	2020
	£	£
Deferred income is included within:		
Creditors due within one year	79,120	92,242
	<u>79,120</u>	<u>92,242</u>
Deferred income at 1 September 2020	92,242	86,746
Released from previous years	(92,242)	(86,746)
Resources deferred in the year	79,120	92,242
	<u>79,120</u>	<u>92,242</u>
Deferred income at 31 August 2021	79,120	92,242

Deferred income comprises Universal Infants' Free School Meals and trip income for the 2020-21 academic year received in advance.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	163,466	3,359,312	(3,171,727)	(68,103)	282,948
UIFSM	-	126,044	(126,044)	-	-
Pupil premium	-	251,288	(251,288)	-	-
Teachers pension grants	-	122,647	(122,647)	-	-
Teachers pay grants	-	42,996	(42,996)	-	-
Covid-19 catch-up (DfE/ESFA)	-	68,320	(68,320)	-	-
PE and sports premium	-	39,190	(39,190)	-	-
Rates	-	17,152	(17,152)	-	-
Other DfE / ESFA grants	37,095	11,498	(11,498)	-	37,095
Other government grants	221,727	418,471	(388,503)	(29,968)	221,727
Other restricted funds	57,014	15,310	(15,310)	-	57,014
Pension reserve	(3,191,000)	-	(393,000)	81,000	(3,503,000)
	<u>(2,711,698)</u>	<u>4,472,228</u>	<u>(4,647,675)</u>	<u>(17,071)</u>	<u>(2,904,216)</u>
Restricted fixed asset funds					
Inherited on conversion	6,424,648	-	(168,086)	-	6,256,562
DfE group capital grants	73,083	812,179	(12,113)	(709)	872,440
Capital expenditure from GAG	586,108	-	(53,623)	101,910	634,395
Other income	210,943	19,976	(10,475)	-	220,444
	<u>7,294,782</u>	<u>832,155</u>	<u>(244,297)</u>	<u>101,201</u>	<u>7,983,841</u>
Total restricted funds	<u>4,583,084</u>	<u>5,304,383</u>	<u>(4,891,972)</u>	<u>84,130</u>	<u>5,079,625</u>
Unrestricted funds					
General funds	<u>512,012</u>	<u>224,754</u>	<u>(208,492)</u>	<u>(3,130)</u>	<u>525,144</u>
Total funds	<u>5,095,096</u>	<u>5,529,137</u>	<u>(5,100,464)</u>	<u>81,000</u>	<u>5,604,769</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

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

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

DfE/ESFA Capital Grants consist of the CIF and devolved capital grant which has been partly spent on non capitalised items and asset additions in the year.

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

At 31 August 2021 the academy had restricted general and unrestricted funds of £1,123,928.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	32,828	3,195,569	(3,047,055)	(17,876)	163,466
UIFSM	-	127,823	(127,823)	-	-
Pupil premium	-	249,190	(249,190)	-	-
Teachers pension grants	-	121,707	(121,707)	-	-
Teachers pay grants	-	42,663	(42,663)	-	-
PE and sports premium	-	39,160	(39,160)	-	-
Rates	-	16,996	(16,996)	-	-
Other DfE / ESFA grants	37,095	21,201	(21,201)	-	37,095
Other government grants	221,727	390,077	(380,703)	(9,374)	221,727
Other restricted funds	54,000	15,932	(12,918)	-	57,014
Pension reserve	(1,715,000)	-	(226,000)	(1,250,000)	(3,191,000)
	<u>(1,369,350)</u>	<u>4,220,318</u>	<u>(4,285,416)</u>	<u>(1,277,250)</u>	<u>(2,711,698)</u>
Restricted fixed asset funds					
Transfer on conversion	6,566,220	-	(141,572)	-	6,424,648
DfE group capital grants	72,848	18,056	(16,147)	(1,674)	73,083
Capital expenditure from GAG	613,465	-	(56,281)	28,924	586,108
Other income	216,250	-	(5,307)	-	210,943
	<u>7,468,783</u>	<u>18,056</u>	<u>(219,307)</u>	<u>27,250</u>	<u>7,294,782</u>
Total restricted funds	<u>6,099,433</u>	<u>4,238,374</u>	<u>(4,504,723)</u>	<u>(1,250,000)</u>	<u>4,583,084</u>
Unrestricted funds					
General funds	<u>531,130</u>	<u>235,939</u>	<u>(255,057)</u>	<u>-</u>	<u>512,012</u>
Total funds	<u>6,630,563</u>	<u>4,474,313</u>	<u>(4,759,780)</u>	<u>(1,250,000)</u>	<u>5,095,096</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds (Continued)

Total funds analysis by academy

	2021	2020
	£	£
Fund balances at 31 August 2021 were allocated as follows:		
East Herrington Academy	605,747	577,631
Hetton Lyons Academy	442,367	362,285
Central services	75,814	51,398
Total before fixed assets fund and pension reserve	<u>1,123,928</u>	<u>991,314</u>
Restricted fixed asset fund	7,983,841	7,294,782
Pension reserve	(3,503,000)	(3,191,000)
Total funds	<u><u>5,604,769</u></u>	<u><u>5,095,096</u></u>

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 2021	Total 2020
	£	£	£	£	£	£
East Herrington Academy	1,375,504	327,097	94,417	330,872	2,127,890	2,064,551
Hetton Lyons Academy	1,321,584	366,551	77,468	358,221	2,123,824	2,087,448
Central services	103,463	60,537	566	46,883	211,449	122,712
	<u>2,800,551</u>	<u>754,185</u>	<u>172,451</u>	<u>735,976</u>	<u>4,463,163</u>	<u>4,274,711</u>

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
		£	£	
Fund balances at 31 August 2021 are represented by:				
Intangible fixed assets	-	-	20,096	20,096
Tangible fixed assets	-	-	7,168,398	7,168,398
Current assets	530,737	842,154	795,347	2,168,238
Creditors falling due within one year	(5,593)	(243,370)	-	(248,963)
Defined benefit pension liability	-	(3,503,000)	-	(3,503,000)
Total net assets	<u><u>525,144</u></u>	<u><u>(2,904,216)</u></u>	<u><u>7,983,841</u></u>	<u><u>5,604,769</u></u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Intangible fixed assets	-	-	15,715	15,715
Tangible fixed assets	-	-	7,277,682	7,277,682
Current assets	518,178	696,507	1,385	1,216,070
Creditors falling due within one year	(6,166)	(217,205)	-	(223,371)
Defined benefit pension liability	-	(3,191,000)	-	(3,191,000)
Total net assets	512,012	(2,711,698)	7,294,782	5,095,096

20 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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.

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

20 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 £399,184 (2020: £384,590).

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 % for employers and % 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	2021	2020
	£	£
Employer's contributions	181,000	197,000
Employees' contributions	55,000	51,000
	<hr/>	<hr/>
Total contributions	236,000	248,000
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Principal actuarial assumptions	2021	2020
	%	%
Rate of increase in salaries	4.1	3.8
Rate of increase for pensions in payment/inflation	2.6	2.3
Discount rate for scheme liabilities	1.7	1.7
Inflation assumption (CPI)	2.6	2.3
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BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

20 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:

	2021 Years	2020 Years
Retiring today		
- Males	21.9	21.8
- Females	25.1	25.0
Retiring in 20 years		
- Males	23.6	23.5
- Females	26.9	26.8

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

	2021 £	2020 £
Discount rate + 0.1%	7,452,000	6,354,000
Discount rate - 0.1%	7,850,000	6,694,000
Mortality assumption + 1 year	7,368,000	6,289,000
Mortality assumption - 1 year	7,942,000	6,759,000
CPI rate + 0.1%	7,689,000	6,557,000
CPI rate - 0.1%	7,613,000	6,491,000

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

	2021 Fair value £	2020 Fair value £
Equities	2,306,000	1,783,000
Government bonds	87,000	80,000
Corporate bonds	834,000	763,000
Cash	166,000	63,000
Property	332,000	307,000
Other assets	423,000	337,000
Total market value of assets	4,148,000	3,333,000

The actual return on scheme assets was £646,000 (2020: £132,000).

Amount recognised in the statement of financial activities

	2021 £	2020 £
Current service cost	521,000	392,000
Interest income	(58,000)	(59,000)
Interest cost	111,000	90,000
Total operating charge	574,000	423,000

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

20 Pension and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2021	2020
	£	£
At 1 September 2020	6,524,000	4,707,000
Current service cost	521,000	392,000
Interest cost	111,000	90,000
Employee contributions	55,000	51,000
Actuarial loss	507,000	1,323,000
Benefits paid	(67,000)	(39,000)
At 31 August 2021	<u>7,651,000</u>	<u>6,524,000</u>
Changes in the fair value of the academy trust's share of scheme assets	2021	2020
	£	£
At 1 September 2020	3,333,000	2,992,000
Interest income	58,000	59,000
Actuarial gain	588,000	73,000
Employer contributions	181,000	197,000
Employee contributions	55,000	51,000
Benefits paid	(67,000)	(39,000)
At 31 August 2021	<u>4,148,000</u>	<u>3,333,000</u>
21 Reconciliation of net income/(expenditure) to net cash flow from operating activities	2021	2020
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	428,673	(285,467)
Adjusted for:		
Capital grants from DfE and other capital income	(832,155)	(18,056)
Investment income receivable	(132)	(523)
Defined benefit pension costs less contributions payable	340,000	195,000
Defined benefit pension scheme finance cost	53,000	31,000
Depreciation of tangible fixed assets	231,974	205,068
Amortisation of intangible fixed assets	12,323	14,239
(Increase) in debtors	(834,246)	(23,289)
Increase/(decrease) in creditors	25,592	(45,062)
Net cash (used in)/provided by operating activities	<u>(574,971)</u>	<u>72,910</u>

BALMORAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

22 Analysis of changes in net funds

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash	1,032,333	117,922	1,150,255

23 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	5,630	5,630
Amounts due in two and five years	13,639	19,269
	<u>19,269</u>	<u>24,899</u>

24 Capital commitments

	2021 £	2020 £
Expenditure contracted for but not provided in the accounts	<u>2,630</u>	<u>2,630</u>

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. There were no related party transactions in the financial period.

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

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

26 Members' liability

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