Company Registration Number: 02236171 (England and Wales)

ENDEAVOUR ACADEMIES

ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

ENDEAVOUR ACADEMIES TRUST
(A company limited by guarantee)

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ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, IT'S TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Dr B Phillipo
K Fraser (from 31 October 2017)
C Frieze (from 31 October 2017)
T Joel (from 31 October 2017)
I Robley (from 31 October 2017)
Dr M Malden (until 31 October 2017)

Trustees

K Fraser, Chair
G R Attwood (appointed 28 November 2017)
J Elliot (appointed 27 November 2017)
S L Ford (appointed 28 November 2017)
Fr G Holland (appointed 28 November 2017)
P Latham, CEO/Principal and Accounting Officer
S McGill
B Phillipo
A J Wentworth (appointed 28 November 2017)

Local Governing Bodies

Macmillan Academy local governing body

When Macmillan Academy converted to a Multi Academy Trust and changed its name to Endeavour Academies Trust, in addition to the trustees named above, the following, unless otherwise indicated, were also trustees of the then Macmillan Academy. They resigned as trustees on the dates indicated below. Those whose names are preceded by an asterisk remained, or became subsequently, governors of the Local Governing Body of Macmillan Academy.

*Dr M Malden (Chair) (resigned 31 October 2017)
*A Bennett (resigned 31 October 2017)
*H Black (resigned 31 October 2017)
*J Cowley (resigned 31 October 2017) (resigned from local governing body 27 March 2018)
C Frieze (resigned 31 October 2017)
Dr P Heywood (resigned 24 November 2017)
*R Magowan (appointed to local governing body 28 November 2017)
*N Smith (resigned 31 October 2017)
*J Windham (resigned 31 October 2017)

Archibald Primary School local governing body

Fr G Holland (Chair)
L Chapman
C Dalton
A Foord
A Jefferies, Headteacher
D Rooney
A Sandham
S Stuttard (resigned 31 August 2018)
P Wales
P Whittingham

ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2018

Company registered number

02236171

Company name

Endeavour Academies Trust

Principal and registered office

Stockton Road, Middlesbrough, TS5 4AG

Company secretary

L A Robson

Senior leadership teams

Macmillan Academy:

P Latham, Chief Executive Officer from 1 November 2017 & Principal*
F Daffurn, Deputy Principal*
A Jordan, Deputy Principal*
N Stott, Deputy Principal*
R Coning
A King
C Hodgson
O Stanton
A Tumelty

Archibald Primary School

A Jeffries, Head Teacher *
S Cowgill, Deputy Head Teacher
* Key management personnel

Independent auditors

Clive Owen LLP, 140 Coniscliffe Road, Darlington, County Durham, DL3 7RT

Bankers

Lloyds Bank plc, 137 Albert Road, Middlesbrough, TS1 2PD

Solicitors

Jacksons Law Firm, Preston Farm Industrial Estate, 17 Falcon Court, Stockton on Tees, TS18 3TU

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are trustees for the purposes of charity law and also the directors for the purposes of company law), present their annual report together with the audited financial statements of Endeavour Academies Trust (the academy trust) for the year ended 31 August 2018. The trustees confirm that the annual report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of 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) (effective 1 January 2015)'. The annual report serves both the purposes of a trustees' report, and a directors' report under company law.

CHANGE OF NAME AND CONVERSION TO A MULTI ACADEMY TRUST

Until 31 October 2017 the name of the company was Macmillan Academy. On that day it changed its name to Endeavour Academies Trust and also converted from a single to a Multi Academy Trust ("MAT"), by adopting new Articles of Association and by entering into a new Master Funding Agreement with the Department for Education. This conversion was effected so that the benefits of being in a MAT would become available. A MAT allows schools to collaborate together in order to take a strategic approach to improving their educational opportunities, whilst providing support from shared resources.

During the whole of the year the academy trust operated one secondary academy known as Macmillan Academy for students aged 11 to 19 serving a catchment area in Middlesbrough. It has a capacity of 1,650 and at the school census date in October 2017 there were 1,523 students on roll.

On 1 April 2018 Archibald Primary School joined the MAT. The academy operates for students aged 2 to 11 serving a catchment area in Middlesbrough. It has a capacity of 420, and at the school census date in May 2018 there were 407 students on roll.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association and an accompanying funding agreement are the primary governing documents of the academy.

Details of the trustees and the governors of the two constituent entities, who served during the year are included in the 'Reference and Administrative Details' on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The academy trust has purchased insurance to protect trustees and governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 24.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees and governors

The board of trustees assesses what expertise it requires to strengthen its activities and responsibilities, and prospective trustees and governors are approached on that basis. Efforts are made to find locally based individuals who meet the required criteria, and to approach these persons. The academy trust has used Academy Ambassadors and Schools North East in this respect.

Trustees are appointed by members in accordance with the academy trust's Articles of Association. There is a legal minimum of three trustees and while there is no legal maximum, the academy trust has identified nine trustees as being the optimum number. The Chair of the academy trust plays a critical role in ensuring good governance. The Chair and Vice Chair of the academy trust are elected annually.

Governors are appointed by the board of trustees. Governors are subject to retirement after a term of office of four years, but may be eligible for re appointment at the meeting at which they retire. The Chair and Vice Chair are elected to their respective positions annually by their fellow governors at the first governors' meeting of the academy year.

For parent governors, when required, applications have been invited from parents of registered students. If governors approved the application of more than one person seeking appointment as parent governor, an election by all registered parents would be conducted by secret ballot. It is envisaged that in the future parent governors will join the local governing body of each academy/school operated by the academy trust.

Policies and procedures adopted for the induction and training of trustees and governors

The training and induction provided for new trustees and governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new trustees and governors meet the key leadership personnel and are given a tour of the academy and the chance to meet with staff and students. All trustees and governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. As there might only be one or two new trustees or governors in any year, induction is tailored specifically to the individual.

Organisational structure

During the academic year 2017/18 the organisational structure has been amended to reflect the change in status from a Single Academy Trust to a Multi Academy Trust. There are four levels of governance which are, the members, the trustees, the Chief Executive Officer ("CEO"), together with the key leadership personnel, and local governing bodies.

The academy trust has five members. The members determine the objects of the academy trust. The members also approve the annual report and financial statements. The members appoint the trustees. The overriding role of the members is to oversee and hold the trustees to account.

The trustees determine the policies and ethos of the academy trust. They have an obligation to ensure high standards and hold the Local Governing Bodies to account for the performance of schools within the academy trust. The trustees ensure that sound and appropriate financial governance are in place, approve the academy trust budget and ensure high standards of probity in the management of public funds. The trustees approve the Annual Report and Financial Statements.

The trustees appoint the CEO. The CEO is given delegated responsibility from trustees for the day to day operation and management of the academy trust. The CEO has overarching responsibility for the performance of the academy trust and it's staff. The CEO is also named individually as the academy trust's Accounting Officer. The role of the CEO is supported by the key leadership personnel.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Reporting to the trustees, Local Governing Bodies are responsible for educational standards in their particular school. In their role in monitoring standards, they consider and approve the self-evaluation of their school and oversee the school improvement plan.

The Local Governing Bodies of schools within the academy trust hold the key leadership personnel to account. In addition to monitoring the school performance, the Local Governing Body will identify a suitably skilled Governor to act as Safeguarding Governor, ensuring that safeguarding practice is in line with the academy trust's safeguarding policy.

Pay policy for key management personnel

The pay and remuneration of the academy trust's key management personnel are set against national leadership spine point scale, reflecting national pay awards. The key leadership personnel of schools in the academy trust have their performance appraisal carried out by the Principal/Headteacher. The CEO carries out appraisal of Headteachers and makes recommendations on pay to the Audit and Finance Committee. The Chair of the trustees carries out the performance appraisal of the CEO with pay determined by the trustees.

Trade union facility time

There were no employees who were relevant union officials during the period.

Related parties and other connected charities and organisations

M A Enterprises Limited
K Fraser is a trustee and member of the academy trust and is also a director and member of M A Enterprises Limited, a company limited by guarantee.

Further details are stated in Note 26 to the financial statements.

Endeavour (No 2) Limited (previously Endeavour Academies Trust)
B Phillipo and K Fraser who are trustees and members of the academy trust are directors and members of Endeavour (No 2) Limited. The company was set up to enable educational partnership activities which would benefit the academy trust and reflect current government policy of becoming a MAT. That process is now being carried out by Endeavour Academies Trust and Endeavour (No 2) Limited transferred all remaining funds during the year ended 31 August 2018. This company is in the process of being wound up as it is no longer required.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the academy trust is the operation of academy schools to provide education for students of different abilities between the ages of 2 and 19 in order for them to progress to enriched lifelong learning opportunities.

The academy trust has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance and its appendices specify, amongst other things, the basis for admitting students to the academies and the catchment area from which the students are drawn.

OBJECTIVE AND ACTIVITIES (continued)

Objects and aims (continued)

Since the academy was opened in 1989 as Macmillan College, a City Technology College, the governing body has always strived to achieve the following:

- to ensure that every child enjoys the same high quality education in terms of resourcing, teaching and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The MAT has four strategic aims which its schools work towards:

I The pursuit of excellence in teaching and learning
II Developing a whole education
III Providing student health and wellbeing
IV Preparing students for future employment.

While academies within the MAT have separate objectives which are developed and reviewed by their Local Governing Bodies, the academy trust has set three trust-wide objectives for 2018/19:

I Develop a programme of professional learning for teachers across the academy trust, using the cross-phase partnership between Macmillan Academy and Archibald Primary School to build additional teaching capacity.
II Using the combined resources of all schools within the academy trust, to create wider curriculum opportunities for pupils attending schools in the academy trust.
III Develop the central services team (HR, buildings, ICT, finance) to provide administrative support for schools across the academy trust, achieving the best possible value for money.

Public benefit

The academy trust makes a significant contribution by its teaching and other activities to the advancement of education for the public benefit for students aged 2-19 serving the catchment area of Middlesbrough on an open basis, and as set out in this report. Therefore, the trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

In the following paragraphs there are set out the achievements and performance of the academy trust.

Key performance indicators

Admissions

Macmillan Academy:

There was a total of 1,503 students recorded in the May 2018 census which included 305 students in the sixth form.

ACHIEVEMENTS AND PERFORMANCE (continued)
Key performance indicators (continued)

The academy continues to be oversubscribed with 916 applications received for places in Year 7. These applications are from 73 different primary schools. Students are admitted in accordance with the Funding Agreement and Schools Admissions Code. In the last academic year, there were 40 appeals.

Archibald Primary School:

There were a total of 502 students recorded in the May 2018 census including 89 in the nursery and preschool.

The school received 113 applications for places in Reception. There were four appeals.

Examination results
The results from the summer 2018 examination series are very positive:

Macmillan Academy:

A level

A*-E	100% pass rate
A*-B grades	51%

BTEC

D*	8%
D*-D	56%
D*-M	94%

GCSE

Grades 9-5 in both English and maths	56.2%
Grades 9-5 in English	71.2%
Grades 9-5 in maths	60%
Grades 9-4 in both English and maths	77%
Grades 9-4 in English	82.7%
Grades 9-4 in maths	83.2%

Archibald Primary School:

EYFS

Pupils making good levels of development	80%

Key Stage 1

Pupils meeting expected standard in reading	71%
Pupils achieving higher standard in reading	24%
Pupils meeting expected standard in writing	69%
Pupils achieving higher standard in writing	29%
Pupils meeting expected standard in maths	75%
Pupils achieving higher standard in maths	22%

Key Stage 2

Pupils meeting expected standard in reading, writing and maths	85%
Pupils achieving higher standard in reading, writing and maths	9%

ACHIEVEMENTS AND PERFORMANCE (continued)
Key performance indicators (continued)

Attendance

The attendance for pupils at Archibald Primary School in 2017/18 was 95.8%

The attendance for pupils at Macmillan Academy in 2017/18 was 94.5%

Ofsted judgments

Macmillan Academy was inspected on 6 June 2017 by Ofsted. The report concluded that the school was 'good.'

Archibald Primary School was inspected on 23 May 2017 and again the Ofsted judgement was 'good.'

Teaching School
Macmillan Academy received designation to be a Teaching School in June 2017 and became a Teaching School from the beginning of 2017/18.

During the course of this academic year there have been many positive developments in this area:

- Initial Teacher Training ("ITT") – The Teaching School has successfully become a School Direct provider, meaning it can accredit its own ITT. The first cohort will begin this programme in September 2019.
- Continuing Professional Development – The Teaching School has developed a six year Expert Teacher Programme, which is a package of training and resources to support teachers throughout their first six years of their career.
- Middle Leader ("ML") training courses - ML training courses have been developed and delivered to staff from Macmillan Academy, Archibald Primary School, Gurney Pease Primary School, Darlington EVAT, Lord Lawson of Beamish Academy and Gateshead.
- A maths hub has been developed with the benefit of additional funding from the Local Authority. This has created training and masterclasses for six Primary School (Archibald Primary School, Acklam Whin Primary School, Kader Academy, Sunnyside Academy, Thorntree Primary School, Park End Primary), and four Secondary Schools (Macmillan Academy, Haughton Academy, Acklam Grange School and Unity City Academy).
- There is a requirement for Teaching Schools to carry out school to school support and through the National Leader of Education programme the Principal/CEO has worked with Lord Lawson of Beamish Academy on improving progress of disadvantaged pupils and on building capacity at middle leader level.

Equal opportunities

The trustees recognise that equal opportunities are an integral part of good practice within the workplace. The academy trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment by making support resources available and through training and career development.

Going concern

After detailed consideration, the board of trustees has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies section.

FINANCIAL REVIEW

Financial report for the year

During the year ended 31 August 2018 total expenditure of £11,261,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year of unrestricted funds and restricted funds (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £734,000. The in-year surplus on restricted general funds plus unrestricted funds but excluding the reduction in the pension reserve liability was £447,000.

All of the expenditure shown in the statement of financial activities is in furtherance of the academy trust's objectives.

The academy trust held fund balances at 31 August 2018 of £22,280,000 comprising £167,000 of restricted general funds, £21,787,000 of restricted fixed asset funds, a pension deficit of £2,100,000 and £2,426,000 of unrestricted funds.

At 31 August 2018 the net book value of fixed assets was £22,112,000 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

Most of the academy trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice (FRS102), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The provisions of Financial Reporting Standard No. 102 'Retirement Benefits' have been applied in full, resulting in a deficit of £2,100,000 recognised on the balance sheet.

Reserves policy

The trustees review the reserve levels of the academy 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 trustees have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income' (£588,000 to £882,000), and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £811,000). 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. The academy trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is in surplus by £1,604,000 (see note 17). The academy trust's resources have been earmarked for identified capital projects to benefit the students in the academy trust.

FINANCIAL REVIEW (continued)

Investment policy

The academy trust invests its liquid funds in bank accounts providing higher interest rates where the institution is believed to be sound. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/ESFA, over which the academy trust has no control. In this context the known current increases in teaching costs because of increases in employer's pension and national insurance contributions create a specific risk. In addition the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant potential deficit on the academy trust balance sheet if the academy trust was called upon to meet it. 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.

Financial and risk management objectives and policies

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy tust has in place procedures to identify and mitigate financial risks. These are discussed further in the risk management section of this report, and in the governance statement.

Risk management

The academy trust has assessed the major risks to which the academy trust is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the academy trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, student safety and school visits) and in relation to the control of finance. The academy trust has an effective system of internal financial controls and this is explained in more detail in the governance statement.

The academy trust has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection, Safeguarding and Prevent.

FUNDRAISING

The academy trust undertakes fundraising events such as school fairs and events within each member academy. This work does not involve the use of any commercial participators or professional fundraisers. The academy trust adheres to all necessary legislation. Funds raised are monitored as part of the monthly management account process as well as by each individual academy. No complaints have been received in the year. All practices are compliant with Charity Commission guidance.

PLANS FOR FUTURE PERIODS

Future developments

The academy trust continues to work with other local and regional schools with a view to growing the Multi Academy Trust.

The Teaching School is now operational and will be further developed over the next year.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 29 November 2018 and signed on its behalf by:

K Fraser
Chair

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Endeavour Academies 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.

From 1 September 2017 to 31 October 2017 the board of trustees were also the Local Governing Body of Macmillan Academy. During this period the following meetings were held:

Trustee	Meetings attended	Out of a possible
M Malden, Chair	1	1
B Phillipo, Vice Chair	1	1
A Bennett	1	1
H Black	1	1
J Cowley	1	1
K Fraser, Executive Principal	1	1
C Frieze	1	1
Dr P Heywood	1	1
P Latham, CEO/Principal	1	1
S McGill	0	1
N Smith	1	1
J Windham	1	1

Following conversion to Multi Academy Trust status on 1 November 2017 a number of governors resigned as trustees/directors but remained on the Local Governing Body of Macmillan Academy unless otherwise indicated on page 1.

Meetings of the Multi Academy Trust board of trustees from 1 November 2017 to 31 August 2018 were as follows:

Trustee	Meetings attended	Out of a possible
K Fraser, Chair	5	5
J Elliot	1	5
S L Ford	3	5
Fr G Holland	5	5
P Latham, CEO/Principal	5	5
S McGill	4	5
B Phillipo	5	5
A J Wentworth	5	5
G R Attwood	4	5

Changes in the board of trustees are noted on page 1.

In addition to the six meetings per year the board of trustees also met in July 2018 to take part in a training session. Following this session a review of governance recommended the further development of a model of sub committees which will cover three areas: finance, teaching, learning and assessment and 'whole education.'

Members of the board continue to benefit from membership of the National Governors Association. Following the resignation of one member, it has been agreed that further trustees should be sought for the coming year.

As a new MAT, a National Schools Commissioner initiative paired us with an established trust in Solihull. A national launch took place in London followed by a series of meetings of key staff in both Solihull and Middlesbrough. This relationship has proved very useful and we have received helpful advice about many of the issues that needed resolving since inception. Governance and financial policy handbooks have been secured so that the trust starts out with the correct structures in place.

While we have secured nine trustees it is still a challenge, even with help from Academy Ambassadors, to find further people who could take roles on sub committees. For that reason, work up to August 2018 was mainly done with all trustees present which proved to be helpful as all were establishing themselves. A structure of sub committees is in operation for the 2018-19 academic year.

The trustees will receive information from the local governing bodies for its November half term meeting and the CEO has attended those local governing body meetings. A judgement will be made about how effective this transfer of information is and whether alternative forms of reporting are required.

Committees

The audit committee ceased at 31 August 2017 whilst the MAT was developed. A new audit committee will be established during the year ended 31 August 2019. During the year ended 31 August 2018 all matters were referred direct to the board.

Review of Value for Money

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

The Accounting Officer considers how the 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:

- Conducting a full curriculum and staffing review.
- Offered reduced time and term time only contracts.
- Reduced transport and cleaning costs.
- Developed a central services team to provide better value in the area of finance, human resources and estates.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Endeavour Academies Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT (continued)

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 local governing body 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 following a tender process and interview has decided to appoint Baldwins Accountants as internal auditor.

The internal auditors role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- accounts and reconciliations
- purchase system
- income
- bank accounts
- fixed asset and capital projects
- management of data
- corporate governance

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. Reports are usually prepared on a termly basis. During the year one report was prepared, following this and with the conversion of Archibald Primary School, the decision was taken to defer further reports until the 2018/19 academic year.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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 auditors;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the board and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 29 November 2018 and signed on their behalf, by:

K Fraser
K Fraser
Chair

P. Latham
P Latham
Accounting Officer and CEO/Principal

ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Endeavour Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

P. Latham

P Latham
Accounting Officer and CEO/Principal

29 November 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 29 November 2018 and signed on its behalf by:

K Fraser
Chair

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENDEAVOUR ACADEMIES TRUST

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements 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 financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements 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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENDEAVOUR ACADEMIES TRUST

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

Opinion 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 Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 academy trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENDEAVOUR ACADEMIES TRUST

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Christopher Beaumont BA(hons) FCA DChA (senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT
29 November 2018

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ENDEAVOUR ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Endeavour Academies Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Endeavour Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Endeavour Academies Trust and the 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 Endeavour Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Endeavour Academies Trust's accounting officer and the reporting accountants

The Accounting Officer is responsible, under the requirements of Endeavour Academies Trust's funding agreement with the Secretary of State for Education dated 28 February 2006, as amended by the deed of variation dated 31 October 2017 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the 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.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ENDEAVOUR ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

29 November 2018

ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion	3	(27)	(926)	4,310	3,357	-
Other donations and capital grants	3	280	-	858	1,138	364
Charitable activities:	4					
Funding for the academy trust's educational operations		-	9,649	-	9,649	8,476
Teaching schools	29	-	60	-	60	-
Other trading activities	5	753	-	-	753	723
Investments	6	14	-	-	14	14
TOTAL INCOME		1,020	8,783	5,168	14,971	9,577
EXPENDITURE ON:						
Charitable activities:						
Academy trust educational operations		740	9,737	724	11,201	10,484
Teaching schools	29	-	60	-	60	-
TOTAL EXPENDITURE	7	740	9,797	724	11,261	10,484
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		280	(1,014)	4,444	3,710	(907)
Transfers between Funds	16	-	(35)	35	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		280	(1,049)	4,479	3,710	(907)
Actuarial gains on defined benefit pension schemes	16	-	1,739	-	1,739	1,547
NET MOVEMENT IN FUNDS		280	690	4,479	5,449	640
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,146	(2,623)	17,308	16,831	16,191
TOTAL FUNDS CARRIED FORWARD		2,426	(1,933)	21,787	22,280	16,831

ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 02236171

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	13		22,112		17,916
CURRENT ASSETS					
Debtors	14	455		347	
Cash at bank and in hand		2,162		1,619	
		2,617		1,966	
CREDITORS: amounts falling due within one year	15	(349)		(428)	
NET CURRENT ASSETS			2,268		1,538
TOTAL ASSETS LESS CURRENT LIABILITIES			24,380		19,454
Defined benefit pension scheme liability	22		(2,100)		(2,623)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			22,280		16,831
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income funds	16	167		-	
Restricted fixed asset funds	16	21,787		17,308	
	16	21,954		17,308	
Pension reserve	16	(2,100)		(2,623)	
Total restricted funds			19,854		14,685
Unrestricted funds	16		2,426		2,146
TOTAL FUNDS			22,280		16,831

The financial statements on pages 22 to 52 were approved by the trustees, and authorised for issue, on 29 November 2018 and are signed on their behalf, by:

K Fraser
Chair of Trustees

B Phillipo
Chair of Audit Committee

ENDEAVOUR ACADEMIES TRUST

(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	331	155
Cash flows from investing activities:			
Dividends, interest and rents from investments		14	14
Purchase of tangible fixed assets		(650)	(118)
Capital grants from DfE Group		858	277
Cash transferred on conversion to an academy trust		(10)	-
Net cash provided by investing activities		212	173
Change in cash and cash equivalents in the year		543	328
Cash and cash equivalents brought forward		1,619	1,291
Cash and cash equivalents carried forward	19	2,162	1,619

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Endeavour Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

1. ACCOUNTING POLICIES (continued)

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 deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

Donations
Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income
Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Transfer on conversion
Where assets are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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 allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the academy trust's educational operations, including support costs and those costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 are capitalised 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, which is not depreciated, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% on cost
Long term leasehold property	-	evenly over the remaining years of the lease
Furniture, fittings and administration equipment	-	5% - 10% on cost
Computer and educational equipment	-	15% - 50% on cost

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 OPERATING LEASES

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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 as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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 instruments.

1. ACCOUNTING POLICIES (continued)

1.14 PENSION BENEFITS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi - employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the statement of financial activities incorporating income and expenditure account 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. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions

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

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charged during the year was £747,000.

Land – Land is held under a 75 year lease from Middlesbrough Borough Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy trust could use them without major modification.

Valuation of property - As the ESFA have not yet carried out a land and buildings valuation for the property of Archibald Primary School on conversion, the trustees have considered the other options available to them and have chosen to use 50% of the insurance valuation of land and buildings provided by Middlesbrough Borough Council prior to conversion. A third party valuation was considered but was not the trustees' preferred option since the cost of such an exercise was deemed greater than the benefit that would have been derived from it. The trustees were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement for Macmillan Academy with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2018.

Archibald Primary School is not subject to such a limit.

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

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Transfer on conversion	(27)	(926)	4,310	3,357	-
Donations	280	-	-	280	87
Capital Grants	-	-	858	858	277
Subtotal	280	-	858	1,138	364
	253	(926)	5,168	4,495	364
Total 2017	87	-	277	364	

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,740	8,740	8,033
Start Up Grant	-	25	25	-
Pupil Premium	-	463	463	308
Post 16 Bursary	-	40	40	45
Other DfE/ESFA Grants	-	133	133	90
	-	9,401	9,401	8,476
Other government grants				
Other Government Grants	-	248	248	-
	-	248	248	-
	-	9,649	9,649	8,476
Total 2017	-	8,476	8,476	

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Other income	162	-	162	177
School visits	180	-	180	118
Catering	411	-	411	428
	753	-	753	723
Total 2017	723	-	723	

6. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	14	-	14	14
Total 2017	14	-	14	

7. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	7,488	-	784	8,272	7,630
Support costs	751	1,488	690	2,929	2,854
Teaching schools	35	-	25	60	-
	8,274	1,488	1,499	11,261	10,484
Total 2017	7,776	1,583	1,125	10,484	

In 2018,of the total expenditure, £740,000 (2017 - £935,000) was to unrestricted funds and £10,521,000 (2017 - £9,549,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

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

8. CHARITABLE ACTIVITIES

	2018 £000	2017 £000
DIRECT COSTS		
Wages and salaries	5,770	5,420
National insurance	581	533
Pension cost	1,137	1,060
Educational supplies	530	382
Examination fees	128	135
Staff development	11	13
Technology costs	97	69
Educational consultancy	11	8
Travel and subsistence	7	10
	8,272	7,630
SUPPORT COSTS		
Wages and salaries	633	649
National insurance	42	42
Pension costs	76	72
Depreciation	747	875
Net interest cost on pension scheme	72	76
Recruitment and support	11	11
Maintenance of premises and equipment	271	194
Cleaning	159	133
Rates	115	119
Energy	147	131
Insurance	64	58
Security	75	72
Transport	60	54
Catering	335	279
Occupancy costs	23	22
Bank interest and charges	-	2
Other support costs	59	42
Governance costs	40	23
	2,929	2,854
	11,201	10,484

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	747	875
Auditors' remuneration - audit	11	9
Operating lease rentals	14	10

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	6,394	5,914
Social security costs	623	575
Operating costs of defined benefit pension schemes	1,213	1,132
	8,230	7,621
Supply staff costs	44	37
Staff restructuring costs	-	118
	8,274	7,776

Included within operating costs of defined benefit pension schemes is a charge of £216,000 (2017: £221,000) in respect of movements in the LGPS deficit.

Staff restructuring costs comprise:

	2018 £000	2017 £000
Redundancy payments	-	118

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	138	137
Management	5	5
Administration & support	114	96
	257	238

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	4	3
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	1

The key management personnel are listed on page 2. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy was £474,000 (2017: £467,000).

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more 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 other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2018 £000	2017 £000
K Fraser, Executive Principal until 31 October 2017	Remuneration	5-10	50-55
	Pension contributions paid	0-5	5-10
P Latham, Chief Executive Officer	Remuneration	110-115	100-105
	Pension contributions paid	15-20	15-20
J Windham, Staff governor (resigned 31 October 2017)	Remuneration	0-5	10-15
	Pension contributions paid	-	-

During the year ended 31 August 2018, expenses totalling £764 (2017 - £481) were reimbursed to 1 trustee (2017 - 1).

12. NET FINANCE EXPENDITURE ON PENSION SCHEME

	2018 £000	2017 £000
Interest income on pension scheme assets	196	105
Interest on pension scheme liabilities	(268)	(181)
	(72)	(76)

13. TANGIBLE FIXED ASSETS

	Freehold land & buildings £000	Long term leasehold property £000	Motor vehicles £000	Furniture, fittings & equipment £000	Computer & educational equipment £000	Total £000
COST						
At 1 September 2017	22,972	60	78	3,365	1,026	27,501
Additions	588	-	-	19	43	650
Assets transferred on conversion	4,293	-	-	-	-	4,293
At 31 August 2018	27,853	60	78	3,384	1,069	32,444
DEPRECIATION						
At 1 September 2017	6,264	8	61	2,448	804	9,585
Charge for the year	480	1	7	154	105	747
At 31 August 2018	6,744	9	68	2,602	909	10,332
NET BOOK VALUE						
At 31 August 2018	21,109	51	10	782	160	22,112
At 31 August 2017	16,708	52	17	917	222	17,916

Included within freehold land and buildings is land of £950,000 (2017: £950,000) which is not depreciated.

14. DEBTORS

	2018 £000	2017 £000
Trade debtors	18	4
Amounts owed by related undertakings	70	69
VAT recoverable	97	26
Other debtors	7	3
Prepayments and accrued income	85	161
Grants receivable	178	84
	455	347

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	174	161
Other creditors	114	143
Accruals and deferred income	61	124
	349	428

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2018 £000	2017 £000
DEFERRED INCOME		
Deferred income at 1 September 2017	84	24
Resources deferred during the year	31	84
Amounts released from previous years	(84)	(24)
Deferred income at 31 August 2018	31	84

At the balance sheet date the academy was holding monies relating to the period September 2018 to March 2019 for capital and revenue grants received in advance.

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
DESIGNATED FUNDS						
Designated fund	144	-	(4)	-	-	140
GENERAL FUNDS						
Unrestricted general funds	1,301	1,020	(717)	-	-	1,604
Unrestricted fixed asset funds	701	-	(19)	-	-	682
	2,002	1,020	(736)	-	-	2,286
Total Unrestricted funds	2,146	1,020	(740)	-	-	2,426

16. STATEMENT OF FUNDS (continued)

RESTRICTED INCOME FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
General Annual Grant (GAG)	-	8,740	(8,538)	(35)	-	167
Start Up Grant	-	25	(25)	-	-	-
Pupil premium	-	463	(463)	-	-	-
Post 16 Bursary	-	40	(40)	-	-	-
National College for Teaching and Leadership	-	60	(60)	-	-	-
Other DfE/ESFA grants	-	133	(133)	-	-	-
Other Government Grants	-	248	(248)	-	-	-
Pension reserve	(2,623)	(926)	(290)	-	1,739	(2,100)
	(2,623)	8,783	(9,797)	(35)	1,739	(1,933)

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Legacy assets	-	4,310	(35)	(17)	-	4,258
GAG capital expenditure	1,146	-	(248)	35	-	933
CIF	246	800	-	-	-	1,046
Government capital grant	13,670	58	(381)	17	-	13,364
Private sector capital sponsorship	1,073	-	(29)	-	-	1,044
ERDF capital grant	547	-	(15)	-	-	532
LA capital grant	196	-	(5)	-	-	191
NDC capital grant	430	-	(11)	-	-	419
	17,308	5,168	(724)	35	-	21,787
Total restricted funds	14,685	13,951	(10,521)	-	1,739	19,854
Total of funds	16,831	14,971	(11,261)	-	1,739	22,280

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

The designated fund represents the contribution made by the academy trust from unrestricted funds towards capital works funded by the DfE. Depreciation is charged against this fund over the useful economic life of the associated assets.

General annual grant (GAG) must be used for the normal running of the academy trust including salaries and related costs, overheads, repairs and maintenance and insurance.

16. STATEMENT OF FUNDS (continued)

Pupil premium is additional funding to be spent as the academy trust sees fit to support deprived students. Post 16 Bursary is funding for sixth form students. Other DfE/ESFA grants relate to appeals and rates relief.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

During the year a transfer of £35,000 (2017: £76,000) was made from GAG to Restricted Fixed Asset Funds to cover the cost of capital expenditure in the year.

Under the funding agreement with the Secretary of State, the Macmillan Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018, Archibald Primary School was not subject to a limit. Note 2 discloses whether the limit was exceeded. As also stated in note 2 no limit applies to Archibald Primary School.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Endeavour Academies Trust	226	-
Macmillan Academy	2,352	2,146
Archibald Primary School	15	-
Total before fixed asset fund and pension reserve	2,593	2,146
Restricted fixed asset fund	21,787	17,308
Pension reserve	(2,100)	(2,623)
Total	22,280	16,831

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
Endeavour Academies Trust	138	142	16	30	326	-
Macmillan Academy	6,387	577	788	1,293	9,045	9,609
Archibald Primary School	756	56	64	267	1,143	-
	7,281	775	868	1,590	10,514	9,609

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Designated fund	148	-	(4)	-	-	144
GENERAL FUNDS						
Unrestricted general funds	1,389	824	(912)	-	-	1,301
Unrestricted fixed asset funds	720	-	(19)	-	-	701
	2,109	824	(931)	-	-	2,002

RESTRICTED INCOME FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General Annual Grant (GAG)	-	8,033	(7,957)	(76)	-	-
Pupil premium	-	323	(323)	-	-	-
Post 16 Bursary	-	45	(45)	-	-	-
Other DfE/ESFA grants	-	75	(75)	-	-	-
Pension reserve	(3,873)	-	(297)	-	1,547	(2,623)
	(3,873)	8,476	(8,697)	(76)	1,547	(2,623)

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
GAG capital expenditure	1,485	-	(415)	76	-	1,146
CIF	-	246	-	-	-	246
Government capital grant	14,016	31	(377)	-	-	13,670
Private sector capital sponsorship	1,102	-	(29)	-	-	1,073
ERDF capital grant	562	-	(15)	-	-	547
LA capital grant	201	-	(5)	-	-	196
NDC capital grant	441	-	(11)	-	-	430
	17,807	277	(852)	76	-	17,308
Total restricted funds	13,934	8,753	(9,549)	-	1,547	14,685
Total of funds	16,191	9,577	(10,484)	-	1,547	16,831

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
DESIGNATED FUNDS						
Designated fund	148	-	(8)	-	-	140
GENERAL FUNDS						
Unrestricted general funds	1,389	1,844	(1,629)	-	-	1,604
Unrestricted fixed asset funds	720	-	(38)	-	-	682
	2,109	1,844	(1,667)	-	-	2,286
Total Unrestricted funds	2,257	1,844	(1,675)	-	-	2,426

RESTRICTED INCOME FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
General Annual Grant (GAG)	-	16,773	(16,495)	(111)	-	167
Start Up Grant	-	25	(25)	-	-	-
Pupil premium	-	786	(786)	-	-	-
Post 16 Bursary	-	85	(85)	-	-	-
National College for Teaching and Leadership	-	60	(60)	-	-	-
Other DfE/ESFA grants	-	208	(208)	-	-	-
Other Government Grants	-	248	(248)	-	-	-
Pension reserve	(3,873)	(926)	(587)	-	3,286	(2,100)
	(3,873)	17,259	(18,494)	(111)	3,286	(1,933)

16. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Legacy assets	-	4,310	(35)	(17)	-	4,258
GAG capital expenditure	1,485	-	(663)	111	-	933
CIF	-	1,046	-	-	-	1,046
Government capital grant	14,016	89	(758)	17	-	13,364
Private sector capital sponsorship	1,102	-	(58)	-	-	1,044
ERDF capital grant	562	-	(30)	-	-	532
LA capital grant	201	-	(10)	-	-	191
NDC capital grant	441	-	(22)	-	-	419
	17,807	5,445	(1,576)	111	-	21,787
	13,934	22,704	(20,070)	-	3,286	19,854
Total of funds	16,191	24,548	(21,745)	-	3,286	22,280

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	822	-	21,290	22,112
Current assets	1,718	402	497	2,617
Current liabilities	(114)	(235)	-	(349)
Pension scheme liability	-	(2,100)	-	(2,100)
	2,426	(1,933)	21,787	22,280

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	845	-	17,071	17,916
Current assets	1,445	266	255	1,966
Current liabilities	(144)	(266)	(18)	(428)
Pension scheme liability	-	(2,623)	-	(2,623)
	2,146	(2,623)	17,308	16,831

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £000	2017 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	3,710	(907)
Adjustment for:		
Depreciation charges	747	875
Dividends, interest and rents from investments	(14)	(14)
Increase in debtors	(108)	(57)
(Decrease)/increase in creditors	(79)	238
Capital grants from DfE and other capital income	(858)	(277)
Defined benefit pension scheme finance cost	290	297
Fixed assets inherited on conversion	(4,293)	-
Deficit inherited on conversion	10	-
Pension liability inherited on conversion	926	-
Net cash provided by operating activities	331	155

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash at bank and in hand	1,162	619
Notice deposits (less than 3 months)	1,000	1,000
Total	2,162	1,619

20. CENTRAL SERVICES

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

- Financial services
- Legal services
- Internal and external audit
- Premises management
- Human resources
- Education support services

The academy trust charges for these services on the following basis:

4.5% GAG income

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
Macmillan Academy	296	-
Archibald Primary School	35	-
Total	331	-

21. CAPITAL COMMITMENTS

At 31 August 2018 the academy trust had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	635	-

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme
Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £779,000 (2017 - £*736,000*).

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

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

22. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £300,000 (2017 - £*246,000*), of which employer's contributions totalled £218,000 (2017 - £*175,000*) and employees' contributions totalled £82,000 (2017 - £*71,000*). The agreed contribution rates for future years are 16.6% until 31 March 2019 and then 17.5% until 31 March 2020 for employers and variable from 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.00 %	3.10 %
Rate of increase for pensions in payment / inflation	2.00 %	2.10 %
Inflation assumption (CPI)	2.00 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2018	2017
Retiring today		
Males	22.9	22.8
Females	25.0	24.9
Retiring in 20 years		
Males	25.1	25.0
Females	27.3	27.2

Sensitivity analysis	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	13,261	8,196
Discount rate -0.1%	13,841	8,541
Mortality assumption - 1 year increase	13,159	8,113
Mortality assumption - 1 year decrease	13,939	8,623
CPI rate +0.1%	13,746	8,492
CPI rate -0.1%	13,353	8,244

22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	8,357	4,544
Cash	2,061	735
Property	881	367
Other	149	92
Corporate bonds	-	6
Total market value of assets	11,448	5,744

The actual return on scheme assets was £713,000 (2017 - £*432,000*).

The amounts recognised in the statement of financial activities are as follows:

	2018 £000	2017 £000
Current service cost	(427)	(392)
Past service cost	-	(4)
Interest income	196	105
Interest cost	(268)	(181)
Total	(499)	(472)

Movements in the present value of the defined benefit obligation were as follows:

	2018 £000	2017 £000
Opening defined benefit obligation	8,367	9,055
Upon conversion	5,734	-
Current service cost	427	392
Interest cost	268	181
Employee contributions	79	71
Actuarial gains	(1,222)	(1,220)
Benefits paid	(105)	(116)
Past service costs	-	4
Closing defined benefit obligation	13,548	8,367

22. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	5,744	5,182
Upon conversion	4,808	-
Expected return on assets	196	105
Actuarial losses	517	327
Employer contributions	209	175
Employee contributions	79	71
Benefits paid	(105)	(116)
Closing fair value of scheme assets	11,448	5,744

23. OPERATING LEASE COMMITMENTS

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

	2018 £000	2017 £000
AMOUNTS PAYABLE:		
Within 1 year	24	11
Between 1 and 5 years	51	34
Total	75	45

24. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,425 (2017 - £*1,560*). The cost of this insurance is included in the total insurance cost.

25. CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means, of any asset for which a capital grant was received, the academy trust shall, if it does not re-invest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposals equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the academy trust serving notice, the academy trust shall repay to the Secretary of State sums determined by reference to:

(a) the value at the time of the academy trust's sites and premises and other assets held for the purpose of the academy trust; and

(b) the extent to which expenditure incurred in providing those assets was met by payment by the Secretary of State under the funding agreement.

All DfE/ESFA and other government grants are repayable in certain circumstances if appropriate conditions are not met.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Income Related Party Transaction

M A Enterprises Limited ("MAE")
K Fraser is a trustee and member of the academy trust and is also a director and member of M A Enterprises Limited, a company limited by guarantee.

In the year to 31 August 2018 MAE achieved an operating profit of £81,898 (2017: £86,955), which was donated to the academy under gift aid. At 31 August 2018 debtors include a balance of £69,723 (2017: £68,602) due from MAE.

Endeavour (No 2) Limited (previously Endeavour Academies Trust)
B Phillipo and K Fraser who are trustees and members of the academy trust are directors and members of Endeavour (No 2) Limited. The trust was set up to enable educational partnership activities which would benefit the academy trust and reflect current government policy of becoming a MAT. That process is now being carried out by Endeavour Academies Trust and Endeavour (No 2) Limited transferred all remaining funds (totalling £197,563) during the year ended 31 August 2018. This company is in the process of being wound up as it is no longer required.

At 31 August 2018 debtors include a balance of £nil (2017: £197,563) due from Endeavour (No2) Limited.

27. CONVERSION TO AN ACADEMY TRUST

On 1 April 2018 Archibald Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Endeavour Academies Trust from Middlesbrough Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	4,293	4,293
DFC inherited	-	-	17	17
Budget surplus/(deficit) on LA funds	(27)	-	-	(27)
LGPS pension surplus/(deficit)	-	(926)	-	(926)
Net assets/(liabilities)	(27)	(926)	4,310	3,357

28. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

29. TEACHING SCHOOL TRADING ACCOUNT

	2018 £000	2018 £000	2017 £000	2017 £000
INCOME				
DIRECT INCOME				
DfE/ESFA Grants	60		-	
TOTAL INCOME		60		-
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	27		-	
Other direct costs	24		-	
TOTAL DIRECT EXPENDITURE	51		-	
OTHER EXPENDITURE				
Other staff costs	8		-	
Other support costs	1		-	
TOTAL OTHER EXPENDITURE	9		-	
TOTAL EXPENDITURE		60		-
SURPLUS FROM ALL SOURCES		-		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		-		-