

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

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ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Dr B Phillipo
Dr M Malden (resigned 31 October 2017)
D Holgate (resigned 18 November 2016)
K Fraser (appointed 31 October 2017)
C Frieze 1 (appointed 31 October 2017)
T Joel (appointed 31 October 2017)
I Robley (appointed 31 October 2017)

Trustees

K Fraser
Dr P Heywood (resigned 24 November 2017)
P Latham, CEO/Principal
S McGill¹
Dr B Phillipo¹

¹ Member of the audit committee

Macmillan Academy local governing body

The following trustees resigned as trustees of Macmillan Academy when Macmillan Academy converted to a Multi Academy Trust. Prior to conversion they had been registered at Companies House as directors of Macmillan Academy. Subsequent to conversion, they remain as governors of the Local Governing Body of Macmillan Academy unless otherwise indicated:

Dr M Malden
C Frieze (resigned 31 October 2017)
K Fraser (resigned 31 October 2017)
P Latham, Principal (resigned 31 October 2017)
S McGill (resigned 31 October 2017)
Dr B Phillipo (resigned 31 October 2017)
A Bennett
H Black (appointed 29 November 2016)
J Cowley
S Cutler, Parent (resigned 23 May 2017)
Dr P Heywood (resigned 24 November 2017)
D Holgate (resigned 18 November 2016)
N Smith
J Windham

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Macmillan Academy senior leadership team

K Fraser, Executive Principal*
P Latham, Principal*
F Daffurn, Deputy Principal*
A Jordan, Deputy Principal*
N Stott, Deputy Principal*
R Coning
A Lloyd
O Stanton
A Tumelty
* Member of the executive group (key leadership personnel)

Company registered number

02236171

Company name

Endeavour Academies Trust (formerly Macmillan Academy)

Principal and registered office

Stockton Road
Middlesbrough
TS5 4AG

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co 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

Company secretary

L A Robson

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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 (formerly Macmillan Academy (the academy trust)) for the year ended 31 August 2017. 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 ("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.

The intention is to create a grouping of successful academies within a restricted geographical area. It is anticipated that a local primary school will join Endeavour Academies Trust during 2018.

MACMILLAN ACADEMY

During the year the academy trust operated an academy, known as Macmillan Academy for students aged 11 to 19 serving a catchment area in Middlesbrough. It has a capacity of 1,600 and at the school census date in October 2016 there were 1,486 students on roll.

As the accounts for the year only relate to the operation of Macmillan Academy (the academy) under its then trustees who acted as governors, the references in the following pages to "academy" and "governors" relate only to the operation of Macmillan Academy during the year to 31 August 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy 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. Both these documents refer to the company as the trust.

Details of the trustees and governors 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 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 23.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees and governors

The board of trustees and governors assesses what expertise it requires to strengthen its activities and responsibilities and prospective 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 has used Academy Ambassadors in this respect.

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 will be conducted by secret ballot. It is envisaged that in the future parent governors will join the local governing body of each academy operated by Endeavour Academies Trust.

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 board meeting of the academy year.

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 governors meet members of the executive group 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 year under review the academy continued to operate a unified leadership structure. The structure consisted of four levels: the governors, the executive group, the senior leadership team and the middle management team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The governors were responsible for setting general policy, adopting an annual development plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The executive group consisted of the Executive Principal, Principal and three Deputy Principals who provide strategic leadership for the academy for which they are responsible implementing the policies laid down by the governors, with the Principal reporting back to them. The executive group are also responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts in the senior leadership team, through appointment boards which contain a governor. Some spending control is devolved to members of the senior leadership team, with limits above which a member of the executive group must countersign.

The senior leadership team includes the executive group and numbers nine in total. The middle management of the academy is centred around the group of heads of department and heads of year. These managers are responsible for the day to day operation of the academy, in particular organising the department staff, personal tutors and students.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Pay policy for key management personnel

As a result of the conversion to a MAT, there are likely to be changes to these arrangements. The following sets out the arrangements in the year under review. The pay and remuneration of the academy's key management personnel are set against national leadership spine point scales, reflecting national pay awards. All are subject to performance management appraisal interviews. Senior leadership team members and members of the executive group are in turn appraised by the Principal. The Chair of the board of governors conducts the performance management of the Executive Principal and Principal, usually with someone who is independent of the academy.

Related parties and other connected charities and organisations

M A Enterprises Limited

D Holgate and K Fraser who were governors of the academy are directors and members of M A Enterprises Limited, a company limited by guarantee.

Further details are stated in Note 25 to the financial statements.

Endeavour (No 2) Limited (previously Endeavour Academies Trust)

B Phillipo and K Fraser who were governors of the academy are directors and members of Endeavour (No 2) limited. The trust was set up to enable educational partnership activities which would benefit the academy and reflect current government policy of becoming a MAT. That process is now being carried out as explained in 'Change of Name and Conversion to a Multi Academy Trust' on page 3.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company was the operation of Macmillan Academy to provide education for students of different abilities between the ages of 11 and 19 in order for them to progress to enriched lifelong learning opportunities.

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance and its appendices specifies, amongst other things, the basis for admitting students to the academy and the catchment area from which the students are drawn.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVE AND ACTIVITIES (continued)

Objectives, strategies and activities

The trust, as Macmillan Academy has worked to a five year strategic plan which aims to achieve excellence in four key areas: Teaching and learning, delivering a 'whole' education, preparing students for employment, and providing high quality pastoral care.

In 2016/17 the academy improvement plan identified four key areas:

- Improve the overall rate of student progress in English and mathematics at Key Stage 4
- Accelerate the progress of the more able students to ensure they achieve as well as their prior attainment suggests
- Develop behaviour for learning so that it is of a consistently high standard
- Improve homework so that it is consistent in its rigour and appropriate for the age and ability of students.

Public benefit

The academy makes a significant contribution by its teaching and other activities to the advancement of education for the public benefit for students aged 11-19 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.

Key performance indicators

Admissions

There was a total of 1,486 students recorded in the October 2016 census which included 322 students in the sixth form.

The academy continues to be oversubscribed with 983 applications received for places in Year 7. These applications are from 75 different primary schools. Students are admitted in accordance with the Funding Agreement and Schools Admissions Code.

Examination results

The results from the summer 2017 examination series are very positive:

GCSE

Grade 4-9 in English and mathematics = 78%

Grade 4-9 in English = 87%

Grade 4-9 in mathematics = 82%

Post 16

A level

Pass rate A*-E = 99.7%

Grades A*-B = 56%

Vocational

Distinction* = 66%

Distinction*-Distinction = 93%

Distinction*-Merit = 98%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

ACHIEVEMENTS AND PERFORMANCE (continued)

Key performance indicators (continued)

Student behaviour and welfare

Student welfare continues to be a strength of the academy. Ofsted (June 2017) reported that, 'pupils are well behaved in lessons and around the school site' and that 'pupil's attitudes to learning are very positive'.

Nationally published data reveals that in both 'absence' and 'persistent absence' the academy's data is stronger than national averages (Ofsted data dashboard, March 2017).

Ofsted praised the academy's inclusive ethos. Like the previous year, there were no permanent exclusions in 2016/17. The levels of fixed term exclusions are lower than national averages.

The academy is committed to maintaining its inclusive ethos. However, there continues to be a noticeable increase in the number of challenging and vulnerable students entering the academy. A major revision to the facilities for these students was undertaken in the summer of 2017. This was supported by a lump sum payment from the local authority to support the academy's work in this area.

Staffing

The academy appointed ten new staff who started on 31 August 2017. In a difficult recruitment environment it is particularly pleasing to be fully staffed, with new recruits in a range of subjects including mathematics, science and English.

Student destinations

The availability of nationally benchmarked student destination data has enhanced the academy's analysis of this area. The data shows the academy has a much higher percentage of students in sustained education, employment or training than the national figure.

In 2017 students leaving the academy (aged 18) had the following destinations: Higher education 88% (of which 30% attended Russell Group Universities), apprenticeships 4%, employment 6%, gap year 2%.

Quality of teaching, learning and assessment

The very positive student outcomes for 2017 examinations at both GCSE and A level are a strong indication of highly effective teaching and learning.

The Ofsted report (June 2017) highlighted that teaching and learning had improved since the last inspection and was also continuing to improve. The report went on to indicate that standards had particularly improved in English and mathematics. This view is certainly supported by an analysis of 2017 examination results.

The inspection indicated an increasing consistency in the quality of teaching across departments and praised teachers at the academy for planning activities which met the needs of different groups of students. In June 2017 the academy was designated as a Teaching School, a further indicator of its growing strength in this area.

Ofsted rating

The academy was inspected on 6 June 2017 by Ofsted. The visit was the first short inspection carried out since the school was judged to be 'good' in May 2013. In a very positive report the inspectors concluded that the school 'remains good'.

Equal opportunities

The trustees recognise that equal opportunities are an integral part of good practice within the workplace. The academy 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

ACHIEVEMENTS AND PERFORMANCE (continued)

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 is to support recruitment and retention of students and employees with disabilities. The academy 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.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW

Financial report for the year

During the year ended 31 August 2017, total expenditure of £10,484,000 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 £332,000.

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

The academy held fund balances at 31 August 2017 of £16,831,000 comprising £14,685,000 of restricted funds and £2,146,000 of unrestricted funds.

At 31 August 2017 the net book value of fixed assets was £17,916,000 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.

Most of the academy'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 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy 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 £2,623,000 recognised on the balance sheet.

Reserves policy

The trustees review the reserve levels of the academy 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' (£558,000 to £837,000), and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £806,000). 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 trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is in surplus by £1,301,000 (see note 17). The trust's resources have been earmarked for identified capital projects to benefit the students in the academy.

Investment policy

The 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.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW (continued)

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 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 totalling 5% create a specific risk. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant potential deficit on the trust balance sheet if the 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 trust is subject to a number of risks and uncertainties in common with other academies. The trust 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 trust have assessed the major risks to which the academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the academy 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 trust has an effective system of internal financial controls and this is explained in more detail in the governance statement.

The 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.

PLANS FOR FUTURE PERIODS

Future developments

The academy received approval to move from a single to a Multi Academy Trust in April 2017. As a result it became a MAT on 31 October 2017 as set out on page 3.

As a future development it is anticipated that the trust will grow to include other schools.

In June 2017, Macmillan Academy was designated as a National Teaching School with an expectation that work will be undertaken on training for other schools.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 trustees, as the company directors, on 28 November 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Dr B Phillip', written over a horizontal line.

Dr B Phillip
Trustee

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Endeavour Academies Trust (formerly Macmillan Academy) 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 Executive Principal, 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 (formerly Macmillan Academy) 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.

During the year there was only local governing body meetings held.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The local governing body of Macmillan Academy has formally met 6 times during the year. Attendance during the year at meetings of the local governing body of Macmillan Academy was as follows:

Trustee	Meetings attended	Out of a possible
M Malden, Chair	6	6
B Phillipo, Vice Chair	6	6
A Bennett	3	6
H Black	5	5
J Cowley	4	6
S Cutler, Parent	2	5
K Fraser, Executive Principal	6	6
C Frieze	5	6
Dr P Heywood	5	6
D Holgate	1	2
P Latham, Principal	6	6
S McGill	3	6
N Smith	6	6
J Windham	6	6

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

In addition to the six meetings per year the governing body also met in July 2017 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 governors should be sought for the coming year.

Committees

An audit committee which was established in the previous year has continued to meet in respect of the matters within its terms of reference, including acting as a finance committee where relevant. During the year 6 meetings were held. The review, in depth, by the committee of financial matters which, where appropriate are submitted for further consideration and approval by the board, has allowed more time for the board to focus on other strategic matters.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr B Phillipo, Vice Chair	6	6
C Frieze	5	6
S McGill	3	6
G Attwood (non board member)	5	6

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
A Robson, Finance Director	6	6
K Fraser, Executive Principal	6	6

Review of Value for Money

As Accounting Officer, the Executive Principal has responsibility for ensuring that the academy 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'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 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.

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 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 (formerly Macmillan Academy) for the year 1 September 2016 to 31 August 2017 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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GOVERNANCE STATEMENT (continued)

The risk and control framework

The academy'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 has decided to appoint Baldwins Accountants as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control accounts and bank reconciliations
- testing of income

On a termly basis, the internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

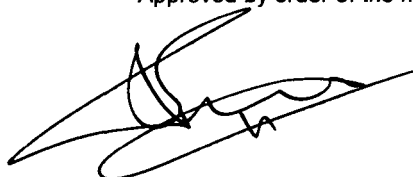
Review of effectiveness

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

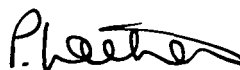
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 28 November 2017 and signed on their behalf, by:



Dr B Phillipo
Trustee



P Latham
Accounting Officer and CEO/Principal

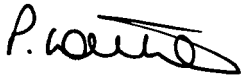
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(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Endeavour Academies Trust (formerly Macmillan Academy) I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

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 2016.

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
Accounting Officer and CEO/Principal

Date: 28 November 2017

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The trustees (who act as governors of Endeavour Academies Trust (formerly Macmillan Academy) and 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 Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

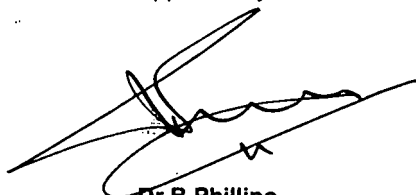
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 28 November 2017 and signed on its behalf by:



Dr B Phillip
Trustee

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)**

Opinion

We have audited the financial statements of Endeavour Academies Trust (formerly Macmillan Academy) for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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'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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)**

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 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 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' remunerations specified by law 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 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'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's or to cease operations, or have no realistic alternative but to do so.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)**

Auditor's 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 Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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. The description forms part of our Auditor's 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
Co Durham
DL3 7RT
28 November 2017

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ENDEAVOUR
ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY) AND THE EDUCATION AND SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Endeavour Academies Trust (formerly Macmillan Academy) during the year 1 September 2016 to 31 August 2017 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 (formerly Macmillan Academy) 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 (formerly Macmillan Academy) 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 (formerly Macmillan Academy) and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Endeavour Academies Trust (formerly Macmillan Academy)'s accounting officer and the reporting auditors

The Accounting Officer is responsible, under the requirements of Endeavour Academies Trust (formerly Macmillan Academy)'s funding agreement with the Secretary of State for Education dated 28 February 2006, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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's income and expenditure.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)

(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ENDEAVOUR
ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY) AND THE EDUCATION AND 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 governors;
- 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



for and on behalf of

Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

28 November 2017

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants	3	87	-	277	364	124
Charitable activities	6	-	8,476	-	8,476	8,971
Other trading activities	4	723	-	-	723	735
Investments	5	14	-	-	14	33
TOTAL INCOME		824	8,476	277	9,577	9,863
EXPENDITURE ON:						
Charitable activities		935	8,697	852	10,484	11,055
TOTAL EXPENDITURE	7	935	8,697	852	10,484	11,055
NET EXPENDITURE BEFORE TRANSFERS		(111)	(221)	(575)	(907)	(1,192)
Transfers between Funds	16	-	(76)	76	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(111)	(297)	(499)	(907)	(1,192)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	1,547	-	1,547	(2,324)
NET MOVEMENT IN FUNDS		(111)	1,250	(499)	640	(3,516)
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,257	(3,873)	17,807	16,191	19,707
TOTAL FUNDS CARRIED FORWARD		2,146	(2,623)	17,308	16,831	16,191

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)

(A company limited by guarantee)

REGISTERED NUMBER: 02236171

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Tangible assets	13		17,916		18,673
CURRENT ASSETS					
Debtors	14	347		290	
Cash at bank and in hand		1,619		1,291	
		<u>1,966</u>		<u>1,581</u>	
CREDITORS: amounts falling due within one year	15	(428)		(190)	
NET CURRENT ASSETS			<u>1,538</u>		<u>1,391</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,454</u>		<u>20,064</u>
Defined benefit pension scheme liability	21		<u>(2,623)</u>		<u>(3,873)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>16,831</u></u>		<u><u>16,191</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Fixed asset funds	16	17,308		17,807	
Pension reserve	16	<u>(2,623)</u>		<u>(3,873)</u>	
Total restricted income funds			<u>14,685</u>		<u>13,934</u>
Unrestricted income funds	16		<u>2,146</u>		<u>2,257</u>
TOTAL FUNDS			<u><u>16,831</u></u>		<u><u>16,191</u></u>

The financial statements on pages 22 to 47 were approved by the trustees, and authorised for issue, on 28 November 2017 and are signed on their behalf, by:


Dr B Phillipo
Trustee

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	155	(290)
Cash flows from investing activities:			
Dividends, interest and rents from investments		14	32
Purchase of tangible fixed assets		(118)	(669)
Capital grants from DfE/ESFA		277	32
Net cash provided by/(used in) investing activities		173	(605)
Change in cash and cash equivalents in the year		328	(895)
Cash and cash equivalents brought forward		1,291	2,186
Cash and cash equivalents carried forward	19	1,619	1,291

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Endeavour Academies Trust (formerly Macmillan Academy) 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 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 the Department for Education 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 and include grants from the Education and Skills Funding Agency.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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.

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's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy'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, 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
Motor vehicles	- 25% on cost
Furniture, fittings and administration equipment	- 5% - 10% on cost
Computer and educational equipment	- 15% - 50% on cost
Land	- not depreciated

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; this is normally upon notification of the interest paid or payable by the Bank.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.9 TAXATION

The academy 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 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 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 only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 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. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. 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 scheme and the assets are held separately from those of the academy 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.

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 charge during the year was £875,000.

Land – Land is held under a 75 year lease from Middlesbrough Borough Council. These assets are included on the balance sheet of the academy 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 could use them without major modification.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2017 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 has not exceeded these limits during the year ended 31 August 2017.

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3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	87	-	87	92
Capital Grants	-	277	277	32
	<u>87</u>	<u>277</u>	<u>364</u>	<u>124</u>
<i>Total 2016</i>	<u>92</u>	<u>32</u>	<u>124</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Other income	125	-	125	140
School visits	170	-	170	164
Catering	428	-	428	431
	<u>723</u>	<u>-</u>	<u>723</u>	<u>735</u>
<i>Total 2016</i>	<u>735</u>	<u>-</u>	<u>735</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	14	-	14	33
	<u>14</u>	<u>-</u>	<u>14</u>	<u>33</u>
<i>Total 2016</i>	<u>33</u>	<u>-</u>	<u>33</u>	

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6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,033	8,033	8,518
Pupil Premium	-	323	323	316
Post 16 Bursary	-	45	45	48
Other DfE/ESFA Grants	-	75	75	89
	-	8,476	8,476	8,971
Total 2016	-	8,971	8,971	

7. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational operations:					
Direct costs	7,013	-	617	7,630	7,950
Support costs	763	1,583	508	2,854	3,105
	7,776	1,583	1,125	10,484	11,055
Total 2016	8,057	1,563	1,435	11,055	

In 2017, of the total expenditure, £935,000 (2016 - £1,716,000) was to unrestricted funds and £9,549,000 (2016 - £9,339,000) 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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8. CHARITABLE ACTIVITIES

	2017 £000	2016 £000
DIRECT COSTS		
Wages and salaries	5,426	5,757
National insurance	527	477
Pension cost	1,060	955
Educational supplies	382	514
Examination fees	135	143
Staff development	13	17
Technology costs	69	70
Educational consultancy	8	4
Travel and subsistence	10	13
	<hr/> 7,630 <hr/>	<hr/> 7,950 <hr/>
SUPPORT COSTS		
Wages and salaries	649	756
National insurance	42	38
Pension costs	72	74
Depreciation	875	852
Net interest cost on pension scheme	76	50
Recruitment and support	11	14
Maintenance of premises and equipment	194	221
Cleaning	133	142
Rates	119	121
Energy	131	106
Insurance	58	64
Security	72	65
Transport	54	212
Catering	279	290
Occupancy costs	22	20
Bank interest and charges	2	3
Other support costs	42	54
Governance costs	23	23
	<hr/> 2,854 <hr/>	<hr/> 3,105 <hr/>
	<hr/> <hr/> 10,484 <hr/> <hr/>	<hr/> <hr/> 11,055 <hr/> <hr/>

ENDEAVOUR ACADEMIES TRUST (FORMERLY MACMILLAN ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	875	852
Auditors' remuneration - audit	9	9
Operating lease rentals	10	-
Loss on disposal of fixed assets	-	3
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	5,914	6,153
Social security costs	569	515
Operating costs of defined benefit pension schemes	1,132	1,029
	<u>7,615</u>	<u>7,697</u>
Apprenticeship levy	6	-
Supply staff costs	37	82
Staff restructuring costs	118	278
	<u><u>7,776</u></u>	<u><u>8,057</u></u>

Included within operating costs of defined benefit pension schemes is a charge of £221,000 (2016: £94,000) in respect of movements in the LGPS deficit.

Staff restructuring costs comprise:

Redundancy payments	118	261
Severance payments	-	17
	<u>118</u>	<u>278</u>

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

	2017 No.	2016 No.
Teachers	137	132
Management	5	5
Administration	13	14
Premises	8	8
Educational support	53	49
Catering	22	21
	<u>238</u>	<u>229</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	5
In the band £70,001 - £80,000	3	0
In the band £100,001 - £110,000	1	2
In the band £110,001 - £120,000	1	0

The key management personnel of the academy comprise the executive group as listed on page 1. 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 £467,000 (2016: £538,000).

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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:

		2017 £000	2016 £000
K Fraser, Executive Principal	Remuneration	50-55	105-110
	Pension contributions paid	5-10	15-20
P Latham, Principal	Remuneration	100-105	100-105
	Pension contributions paid	15-20	15-20
J Windham, Staff governor	Remuneration	10-15	10-15
	Pension contributions paid	-	-

During the year ended 31 August 2017, one governor received reimbursement of expenses in the sum of £481 (2016 - £295 to 1 governor).

12. NET FINANCE EXPENDITURE ON PENSION SCHEME

	2017 £000	2016 £000
Interest income on pension scheme assets	105	170
Interest on pension scheme liabilities	(181)	(220)
	<u>(76)</u>	<u>(50)</u>

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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 2016	22,962	60	78	3,290	993	27,383
Additions	10	-	-	75	33	118
At 31 August 2017	22,972	60	78	3,365	1,026	27,501
DEPRECIATION						
At 1 September 2016	5,820	8	54	2,154	674	8,710
Charge for the year	444	-	7	294	130	875
At 31 August 2017	6,264	8	61	2,448	804	9,585
NET BOOK VALUE						
At 31 August 2017	16,708	52	17	917	222	17,916
At 31 August 2016	17,142	52	24	1,136	319	18,673

Included within freehold land and buildings is land of £950,000 (2016: £950,000) which is not depreciated.

14. DEBTORS

	2017 £000	2016 £000
Trade debtors	4	18
Amounts owed by related undertakings	69	79
VAT recoverable	26	35
Other debtors	3	3
Prepayments and accrued income	161	73
Grants receivable	84	82
	<u>347</u>	<u>290</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Trade creditors	161	44
Other creditors	143	105
Accruals and deferred income	124	41
	<u>428</u>	<u>190</u>

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

	2017 £000	2016 £000
DEFERRED INCOME		
Deferred income at 1 September 2016	24	36
Resources deferred during the year	84	24
Amounts released from previous years	(24)	(36)
	<u>84</u>	<u>24</u>
Deferred income at 31 August 2017	<u>84</u>	<u>24</u>

At the balance sheet date the academy was holding monies relating to the period September 2017 to March 2018 for capital and revenue grants received in advance.

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
DESIGNATED FUNDS						
Designated fund	148	-	(4)	-	-	144
	<u>148</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>144</u>
GENERAL FUNDS						
Unrestricted general funds	1,389	824	(912)	-	-	1,301
Unrestricted fixed asset funds	720	-	(19)	-	-	701
	<u>2,109</u>	<u>824</u>	<u>(931)</u>	<u>-</u>	<u>-</u>	<u>2,002</u>
Total unrestricted funds	<u>2,257</u>	<u>824</u>	<u>(935)</u>	<u>-</u>	<u>-</u>	<u>2,146</u>
RESTRICTED FUNDS						
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)
	<u>(3,873)</u>	<u>8,476</u>	<u>(8,697)</u>	<u>(76)</u>	<u>1,547</u>	<u>(2,623)</u>

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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 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
	<u>17,807</u>	<u>277</u>	<u>(852)</u>	<u>76</u>	<u>-</u>	<u>17,308</u>
Total restricted funds	<u>13,934</u>	<u>8,753</u>	<u>(9,549)</u>	<u>-</u>	<u>1,547</u>	<u>14,685</u>
Total of funds	<u>16,191</u>	<u>9,577</u>	<u>(10,484)</u>	<u>-</u>	<u>1,547</u>	<u>16,831</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
DESIGNATED FUNDS						
Designated fund	151	-	(3)	-	-	148
	<u>151</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>148</u>
GENERAL FUNDS						
Unrestricted general funds	2,224	860	(1,695)	-	-	1,389
Unrestricted fixed asset funds	738	-	(18)	-	-	720
	<u>2,962</u>	<u>860</u>	<u>(1,713)</u>	<u>-</u>	<u>-</u>	<u>2,109</u>
Total Unrestricted funds	<u>3,113</u>	<u>860</u>	<u>(1,716)</u>	<u>-</u>	<u>-</u>	<u>2,257</u>

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16. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General annual grant (GAG)	-	8,518	(7,911)	(607)	-	-
Pupil premium	-	316	(316)	-	-	-
Post 16 Bursary	-	48	(48)	-	-	-
Other DfE/ESFA grants	-	89	(89)	-	-	-
Pension reserve	(1,405)	-	(144)	-	(2,324)	(3,873)
	<u>(1,405)</u>	<u>8,971</u>	<u>(8,508)</u>	<u>(607)</u>	<u>(2,324)</u>	<u>(3,873)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
GAG capital expenditure	1,276	-	(398)	607	-	1,485
Government capital grant	14,358	32	(374)	-	-	14,016
Private sector capital sponsorship	1,130	-	(28)	-	-	1,102
ERDF capital grant	576	-	(14)	-	-	562
LA capital grant	207	-	(6)	-	-	201
NDC capital grant	452	-	(11)	-	-	441
	<u>17,999</u>	<u>32</u>	<u>(831)</u>	<u>607</u>	<u>-</u>	<u>17,807</u>
Total restricted funds	<u>16,594</u>	<u>9,003</u>	<u>(9,339)</u>	<u>-</u>	<u>(2,324)</u>	<u>13,934</u>
Total of funds	<u>19,707</u>	<u>9,863</u>	<u>(11,055)</u>	<u>-</u>	<u>(2,324)</u>	<u>16,191</u>

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

The designated fund represents the contribution made by the academy 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 including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil premium is additional funding to be spent as the academy 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 21.

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 £76,000 was made from GAG to Restricted Fixed Asset Funds to cover the cost of capital expenditure in the year.

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16. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Note 2 discloses whether the limit was exceeded.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	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)
	<u>2,146</u>	<u>(2,623)</u>	<u>17,308</u>	<u>16,831</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	866	-	17,807	18,673
Current assets	1,437	144	-	1,581
Current liabilities	(46)	(144)	-	(190)
Pension scheme liability	-	(3,873)	-	(3,873)
	<u>2,257</u>	<u>(3,873)</u>	<u>17,807</u>	<u>16,191</u>

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

	2017 £000	2016 £000
Net expenditure for the year (as per Statement of Financial Activities)	(907)	(1,192)
Adjustment for:		
Depreciation charges	875	852
Dividends, interest and rents from investments	(14)	(32)
Loss on the sale of fixed assets	-	3
(Increase)/decrease in debtors	(57)	50
Increase/(decrease) in creditors	238	(83)
Capital grants from DfE and other capital income	(277)	(32)
Defined benefit pension scheme finance cost	297	144
Net cash provided by/(used in) operating activities	<u>155</u>	<u>(290)</u>

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19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash in hand	619	291
Notice deposits (less than 3 months)	1,000	1,000
Total	<u>1,619</u>	<u>1,291</u>

20. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	<u>-</u>	<u>-</u>

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21. PENSION COMMITMENTS

The academy'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%.

During the previous year the employer contribution rate was 16.48%. 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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £736,000 (2016 - £753,000).

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).

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21. PENSION COMMITMENTS (continued)

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.

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 2017 was £246,000 (2016 - £259,000), of which employer's contributions totalled £175,000 (2016 - £182,000) and employees' contributions totalled £71,000 (2016 - £77,000). The agreed contribution rates for future years are 14.6% 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.10 %	3.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.00 %
Inflation assumption (CPI)	2.10 %	2.00 %
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:

	2017	2016
Retiring today		
Males	22.8	23.1
Females	24.9	25.6
Retiring in 20 years		
Males	25.0	25.3
Females	27.2	28.0

	At 31 August 2017 £000	At 31 August 2016 £000
Sensitivity analysis		
Discount rate +0.1%	8,196	8,865
Discount rate -0.1%	8,541	9,249
Mortality assumption - 1 year increase	8,113	8,767
Mortality assumption - 1 year decrease	8,623	9,346
CPI rate +0.1%	8,492	9,187
CPI rate -0.1%	8,244	8,925

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FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	4,544	4,420
Property	367	378
Government bonds	-	-
Corporate bonds	6	41
Cash	735	302
Other	92	-
Total market value of assets	5,744	5,182

The actual return on scheme assets was £432,000 (2016 - £721,000).

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

	2017 £000	2016 £000
Current service cost	(392)	(278)
Past service cost	(4)	(5)
Interest income	105	170
Interest cost	(181)	(220)
Total	(472)	(333)

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

	2017 £000	2016 £000
Opening defined benefit obligation	9,055	5,873
Current service cost	392	278
Interest cost	181	220
Employee contributions	71	78
Actuarial (gains)/losses	(1,220)	2,875
Benefits paid	(116)	(274)
Past service costs	4	5
Closing defined benefit obligation	8,367	9,055

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21. PENSION COMMITMENTS (continued)

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

	2017 £000	2016 £000
Opening fair value of scheme assets	5,182	4,468
Expected return on assets	105	170
Actuarial losses	327	551
Employer contributions	175	189
Employee contributions	71	78
Benefits paid	(116)	(274)
	<u>5,744</u>	<u>5,182</u>
Closing fair value of scheme assets	<u>5,744</u>	<u>5,182</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
AMOUNTS PAYABLE:		
Within 1 year	11	11
Between 1 and 5 years	34	46
Total	<u>45</u>	<u>57</u>

23. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,560 (2016 - £1,618). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. 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 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 serving notice, the academy shall repay to the Secretary of State sums determined by reference to:

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

25. RELATED PARTY TRANSACTIONS

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

M A Enterprises Limited ("MAE")

D Holgate and K U Fraser, who were governors of the academy are directors and members of MAE, a company limited by guarantee.

In the year to 31 August 2017 MAE achieved an operating profit of £86,955 (2016: £92,296), which was donated to the academy under gift aid. At 31 August 2017 debtors include a balance of £68,602 (2016: £78,833) due from MAE.

26. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.