

United Endeavour Trust

Trustees' report and financial statements

For the Year Ended 31 August 2018



United Endeavour Trust
(A company limited by guarantee)

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United Endeavour Trust
(A company limited by guarantee)

Reference and administrative details
For the Year Ended 31 August 2018

Members

A White
S George
C Inskip
J Conlon
K Busby

Trustees

A White, Chair of Trustees²
S George^{1,2}
S Smith (resigned 30 May 2018)^{1,2}
W Whelan, Chief Executive Officer and Accounting Officer^{1,2}
C Thomas²
L Bennett
K Hayes²

¹ Member of MAT Resourcing Committee

² Member of MAT Audit Committee

Company registered number

09679560

Company name

United Endeavour Trust

Principal and registered office

Ostend Place
Newcastle under Lyme
Staffordshire
ST5 2QY

Company secretary

V Keeling

Chief executive officer

W Whelan

Senior management team

W Whelan, Chief Executive Officer
V Keeling, Trust Director
J Morgan, Principal - Clayton Hall Academy (resigned December 2017)
T Rogers, Director of Learning and Achievement
J Hingley, Principal - Sir Thomas Boughay (appointed April 2018)
J Henshaw, Principal - Newcastle Academy (appointed April 2018)
C Reid, Principal - Clayton Hall Academy (appointed April 2018)

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Reference and administrative details of the academy trust, its trustees and advisers
For the Year Ended 31 August 2018

Advisers (continued)

Independent auditors

Dains LLP
Statutory Auditor
Suite 2 Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Bankers

Lloyds Bank Plc
High Street
Newcastle under Lyme
Staffordshire
ST5 1QY

Solicitors

Anthony Collins LLP
134 Edmund Street
Birmingham
B3 2ES

United Endeavour Trust
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Trustees' report
For the Year Ended 31 August 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 – 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

In February 2017 the name of South Newcastle Trust was amended to United Endeavour Trust. Funding agreements were amended and changes executed at Companies House.

The trust operates three academies:

Clayton Hall Academy for pupils aged 11 to 16 serving a catchment area in Newcastle under Lyme. It has a pupil capacity of 1000 and had a roll of 977 in the school census on January 2018.

Newcastle Academy for pupils aged 11 to 16 serving a catchment area in Newcastle under Lyme. It has a pupil capacity of 725 and had a roll of 374 in the school census on January 2018.

Sir Thomas Boughie Academy for pupils aged 11 to 16 serving a catchment area in Halmer End and Newcastle under Lyme. It has a pupil capacity of 685 and had a roll of 652 in the school census on January 2018.

Structure, governance and management

Constitution

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

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of United Endeavour Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as United Endeavour Trust.

Details of the Trustees who served during the year are included in the Reference and administrative details on pages 1 and 2.

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

The Trustees are directors of the company for the purpose of the Companies Act 2006
Trustee recruitment and appointment is as laid down in United Endeavour Trust Articles of Association.
Trustees will serve for a period of 4 years and any trustee may be reappointed.

Policies and procedures adopted for the induction and training of Trustees

All governors, members and directors will receive a formal induction which depends on their existing experience. All newly appointed personnel (and trustees requiring refresher training) are invited to an information sharing session delivered by the Chief Executive Officer. This session covers such items as role and responsibility, financial management, performance management, ofsted, improving performance and data. Documentation is also provided and includes the Governor induction handbook, the governance handbook and additional information from the NGA and ASCL. In addition, newly appointed personnel are given a tour of each academy and opportunities to meet with both staff and students.

All governors, members and directors are linked to a department or core service provision. They are issued with access to the governors and directors area of the management centre where items such as policies, improvement plans, minutes and supporting documentation, committee membership and calendars can all be found. An annual programme of training covers legal updates, use of data to identify and measure standards and general skills development relevant to role.

Organisational structure

The Trustees are responsible for setting general policy, receiving recommendations on budget setting, monitoring the outcomes of the academies and making strategic decisions about the direction of the Academies, capital expenditure and the appointment of the Chief Executive Office and Trust Director. The Chief Executive officer is the accounting officer.

During this period of review, the Trustees held 14 meetings.

- 4 for the MAT Board,
- 3 MAT Standards
- 3 MAT Resourcing
- 4 MAT Scrutiny

The Local Governing Boards Meetings held 9 meetings at South Newcastle Federation and 9 at Sir Thomas Boughy comprising:

- 3 LGB Full governing Board
- 3 LGB Learning and Teaching
- 3 LGB Resources Committee

The Senior leadership team control the Academies at an executive level implementing the policies laid down by the governors/ MAT Board.

Budgets are devolved to budget holders across the academies. The Trustees have developed and approved financial limits of authority and review these on an annual basis. Details are provided in the scheme of delegation.

Arrangements for setting pay and remuneration of key management personnel

Annual appraisal and review of performance and pay are managed by a delegated Performance and Pay Review Committee (made up of the Chair and Vice Chair of the MAT Board). This committee reviews the performance of the CEO and Trust Director. The CEO is a trustee of the board. Pay scales are set in line with Executive Principal national STPCD guidelines for the CEO and in line with Director level pay scales for support staff recommended by Staffordshire CC. All pay award recommendations are reviewed and agreed by the MAT Board (excluding the CEO). Principals' pay awards are in line with STPCD recommendations moderated by school group size.

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Trustees' report (continued)
For the Year Ended 31 August 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	9,077,591
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Related Parties and other Connected Charities and Organisations

As a Multi Academy Trust, United Endeavour Trust has strong relations with all academies within the Trust.

Chief Executive Officer is currently completing duties for Entrust working as an Associate. This work is completed to support schools that are in challenging circumstances and includes work such as Pupil Premium reviews, leadership and governance reviews.

A register of business declarations for staff, Governors, Members and Directors are recorded, reviewed at each meeting and formally recorded annually at the first MAT Board and Local Governing Board meeting.

Objectives and Activities

- To provide a rounded education for all of our students by supporting their learning development, improving outcomes, raising aspirations and expectations and improving well-being.
- Our Trust and its Academies will contribute to the cohesion of the communities we serve and involve our students as active citizens of those communities.
- To provide outstanding teaching and pastoral support through well qualified and motivated staff.

Objects and aims

Community learning

- engaging students and staff in the development of effective Learning to Learn and to further develop the schools as a community of learners
- to contribute to the economic and social well-being of people's lives with a view to improving health and life chances through education, care, work and training.

Every Child Matters

- developing physical and mental well-being and encouraging healthy lifestyles
- making a positive contribution and keeping safe through its courses and programmes
- supporting students through personalised programmes and one to one mentoring to enjoy and achieve
- supporting students to get the most out of their lives and to develop skills and aspirations for adulthood and a sense of social responsibility

Professional input and expert advice

- supporting students and their families by working in partnership with other agencies and as a specialised part of the staffing make-up of the school
- supporting vulnerable students and families

Volunteering and contributing

- developing opportunities for students to be involved with the local and wider communities and engage them in making a positive contribution
- developing student voice and participation
- develop ongoing commitment to social justice at the everyday level, and model ways of resolving conflicts and problems, managing behaviour, recognising the importance of good attendance and helping one another

Objectives, strategies and activities

The main objectives for the period are to continue to raise standards of achievement for all students within our trust. Working with stakeholders to improve attendance and learning outcomes with the Academies.

To invest in Continued Professional Development of all staff within the Trust. These and additional objective can be found in the Trust Development Plan and Academy Improvement Plans.

Public benefit

In setting our Academy Trust's objectives the Members, Directors and Governors have complied with their duty to have due regard to the Charity Commission guidance on public benefit in exercising their powers and duties.

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Trustees' report (continued)
For the Year Ended 31 August 2018

Strategic report

Achievements and performance

Progress against MAT Development Plan are published annually and monitored termly by Trustees termly.

Key performance indicators

A balanced budget was set for 17/18 and the expenditure was made within the boundaries of the budget. Income was received in year from Education and Skills Funding Agency for three successful Capital Investment Fund bids. This was in addition to the General Annual Grant allocation.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Multi Academy 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 Statement of Accounting Policies.

Financial review

The majority of the income from the year was derived from the General Annual Grant and income received from ESFA for capital projects. These incomes are restricted for particular purposes. Associated expenditure is shown as restricted funds in the Statement of Financial Activities.

A review of the staffing structures for the trust and its academies, along with being financially prudent has allowed the Trust to maintain operating surplus.

Staffing levels are continuously reviewed and adapted to meet the needs of a changing curriculum, fluctuation in student numbers and service requirements.

For the year ended 31 August 2018 total incoming resources of £22,433,732 and total expenditure of £11,979,751 resulted in a surplus of £10,443,981.

The LGPS deficit as at 31st August 2018 has increased from £2,412m to £2,982m. The agreed contribution rates from 2017/18 was 22.20% and for 2018/19 has increased to 23.2%. Future revisions will be carried out by Staffordshire Pension Fund Agency.

Please note, this is expected to change again as at 01/04/2019.

Reserves policy

The Reserves policy of United Endeavour Trust was ratified for approval in March 2018.

The Trustees and Local governing board review the level of reserves held by the Trust when approving the budget for the forthcoming year. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves.

Total reserves held as at 31st August 2018 are:

Value of restricted fixed asset funds: £26,892,706

Value of restricted general funds (excluding pension reserve): £311,186

Value of unrestricted funds: £1,657,402

Trustees' report (continued)
For the Year Ended 31 August 2018

Reserves are currently held to support the academies through fluctuations in student numbers on roll, to support the academies with cash flow – to enable spending to occur in advance of grant receipt. In addition, we carry a contingency sum to support unexpected asset maintenance.

Investment policy

Due to the nature of the funding streams the Trust may at times hold cash balances which may not be required immediately.

The Trustees have ratified an investment policy and as at 31 August 2018 had in excess of £1.7m placed on investment with Lloyds Bank. This investment is placed on a 32-day deposit account and interest is received as 0.8200%.

Principal risks and uncertainties

All risks and uncertainties for the Trust are included in the Risk Register.

The trustees have assessed the major risks to which the Trust is exposed, with a particular emphasis on those items related to operations and financial transactions. Through external audit and responsible officer audits are assured that systems and procedures are in place to mitigate exposure to major risk.

The trust has inherited the local government pension scheme for associated staff.

Trust Based Risk: The principal risk for the Trust is that further schools may not seek to join the trust. The growth factor for the trust remains an area of focus.

Financial risk based on student number fluctuations and changes to the national funding formula are directly impacting on future financial spending. The MAT board will closely monitor this area.

Newcastle Academy Risk: The principal risks for Newcastle Academy is funding. This is due to low student numbers in relation to PAN. Following the appointment of the current Principal in April 2018 the academy profile and reputation in the community remains an area of focus for the team. Performance data published in August 2018 also continues to show poor performance but beyond sees rapid and sustained improvement.

Clayton Hall Academy: The principal risk for Clayton Hall Academy is the challenge offered by site condition linked to a Grade 2 listed building. The site team continue to seek funding for management of building and development of site resources.

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Trustees' report (continued)
For the Year Ended 31 August 2018

Sir Thomas Boughey Risk: The principal risk for Sir Thomas Boughey is funding. On conversion financial balances were low which resulted in staffing reductions during 2017/18. Further reductions in expenditure are needed in order to maintain financial wellbeing.

The MAT Board Audit committee (Now Mat Scrutiny Committee) meet termly to review risk. Areas of immediate action are included in the Trust Development Plan.

Fundraising

The Trust will encourage where possible fundraising for events, projects and trips to reduce the financial burden on grant funding. Fundraising also commonly takes place to raise funds for charities.

Newcastle Academy are working alongside Birmingham e-Learning Foundation to secure IPAD technology for students within the academy.

The Trust ensures that fundraising which takes place is done safely, prioritising the safeguarding of students. Appropriate due diligence takes place in advance of engaging in a fundraising partnership. When cash donations are received, the Trust ensure the security of the funds and follows financial procedures accordingly.

The Trust have a complaints procedure which can be accessed via the academy websites or by submitting a query to United Endeavour Trust.

When looking to implement a new method of fundraising, the academies are required to review the method in order to ensure that the techniques used are not going to pressure members of the public by using persistent or high pressure approaches to encourage donations.

Plans for future periods

A key feature for the Multi Academy Trust is to grow the number of establishments it maintains.

The Trust now employed a full complement of core service staff, operating a fully centralised Finance team for its academies. Other services include leadership of HR, Estates, Governance, IT, Data and Intranet communications. Alongside this the trust offers learning and teaching support through education specialists. All staff working for the United Endeavour Trust core service team are based within segregated accommodation at Newcastle Academy. We have commenced partnership working with a number of non-convertor schools and convertor academies and sharing of resources in this specialist area.

Improvement in teaching and learning and activity for transition, held accountable by strong quality assurance methods, provide clear pathways for action to improve outcomes in standards at both academies and recruitment at Newcastle Academy.

Funds held as custodian

During the year to 31 August 2018, the Multi Academy Trust does not hold funds as Custodian Trustees on behalf of others.

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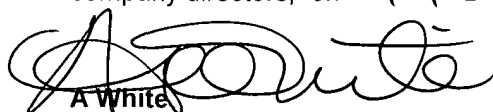
Trustees' report (continued)
For the Year Ended 31 August 2018

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken to make themselves 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 ~~26~~ 11/18 and signed on its behalf by:


A White
Chair of Trustees

United Endeavour Trust
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Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governance Statement

Full MAT Board

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A White, Chair of Trustees	4	4
S Smith, (Vice Chair)	2	2
S George	4	4
C Thomas	4	4
W Whelan	3	4
L Bennett	2	3
K Hayes	2	4

MAT Resourcing is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Trust Board, by enabling more detailed consideration to be given to the best means of fulfilling the Trust Board responsibility of ensuring sound practice of academy finances and resources.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Smith	2	2
S George	2	3
W Whelan, Chief Executive Officer and Accounting Officer	3	3
L Bennett	1	3
A White, Chair of Trustees	2	3

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Governance Statement (continued)

MAT Scrutiny committee is also a sub-committee of the main board of trustees. Its purpose is to Identify the risks to internal financial control across the Trust and must agree a programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A White, Chair of Trustees	4	4
S Smith	3	3
S George	3	4
C Thomas	3	4
W Whelan, Chief Executive Officer and Accounting Officer	4	4
L Bennett	3	4
C Inskip	4	4

MAT academic standards committee is also a sub-committee of the main board of trustees. Its purpose is to ensure that attainment of students meets the government floor standards and to quality assure effective performance development frameworks are present in each academy that shape good practice and focus on raising standards.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Smith	2	3
W Whelan	3	3
C Thomas	2	3
S George	3	3
L Bennett	3	3

Review of Value for Money

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

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

- Completing a comprehensive review of leadership
- Development of United Endeavour Trust Core Service Specialists
- Teaching and support staff structures, ensuring that the structures and staff in post are both value for money and fit for purpose
- Seeking and being awarded additional funding to develop the assets of the Trust
- Benchmarking expenditure of its academies to similar schools and to the Kreeston Reeves report
- Partnership working and being commissioned to complete external work

Governance Statement (continued)

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 United Endeavour Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in United Endeavour Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed an external organisation, EdBc Limited, to undertake duties of Responsible Officer who carry out a programme of internal checks, reporting findings to the Audit Committee.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of income and expenditure operations
- testing of cash flow projections
- effectiveness of policies and procedures

On a quarterly basis, EdBc Limited 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.

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Governance Statement (continued)

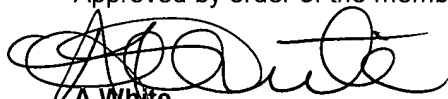
Review of Effectiveness

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

- the work of the EdBc Limited (Responsible officer)
- the work of the external auditor (Dains Accountants);
- the financial management and governance self-assessment process;
- the work of the managers within the United Endeavour Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 26/11/18 and signed on their behalf, by:


A White
Chair of Trustees


W Whelan
Accounting Officer

United Endeavour Trust
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of United Endeavour Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all 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 2017.

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

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



W Whelan
Accounting Officer

26/11/18

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Statement of Trustees' responsibilities
For the Year Ended 31 August 2018

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

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

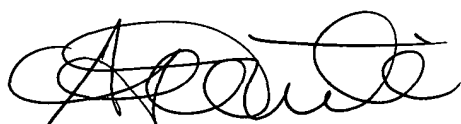
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 26/11/18 and signed on its behalf by:



A White
Chair of Trustees

Independent auditors' report on the financial statements to the members of United Endeavour Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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Independent auditors' report on the financial statements to the members of United Endeavour Trust

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

United Endeavour Trust
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of United Endeavour Trust

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Dudley (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2 Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: *26 November 2018*

United Endeavour Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to United Endeavour Trust and the Education & Skills Funding Agency

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

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

Respective responsibilities of United Endeavour Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of United Endeavour Trust's funding agreement with the Secretary of State for Education dated 1 October 2015, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

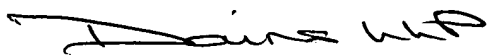
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

United Endeavour Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to United Endeavour Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2 Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: *26 November 2018*

United Endeavour Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion (note 21)	2	442,508	(986,000)	9,225,000	8,681,508	-
Other donations and capital grants	2	13,828	-	2,592,448	2,606,276	675,597
Charitable activities:	3					
Funding for the academy trust's educational operations		663,206	10,309,281	-	10,972,487	7,407,075
Other trading activities	4	163,446	-	-	163,446	197,114
Investments	5	10,015	-	-	10,015	8,294
Total income		1,293,003	9,323,281	11,817,448	22,433,732	8,288,080
Expenditure on:						
Raising funds		101,665	-	-	101,665	29,279
Academy trust educational operations		704,860	10,672,253	500,973	11,878,086	8,071,161
Total expenditure	6	806,525	10,672,253	500,973	11,979,751	8,100,440
Net income / (expenditure) before transfers		486,478	(1,348,972)	11,316,475	10,453,981	187,640
Transfers between Funds	17	(461,786)	71,170	390,616	-	-
Net income / (expenditure) before other recognised gains and losses		24,692	(1,277,802)	11,707,091	10,453,981	187,640
Actuarial gains on defined benefit pension schemes	23	-	794,000	-	794,000	152,000
Net movement in funds		24,692	(483,802)	11,707,091	11,247,981	339,640
Reconciliation of funds:						
Total funds brought forward		1,632,710	(2,187,012)	15,185,615	14,631,313	14,291,673
Total funds carried forward		1,657,402	(2,670,814)	26,892,706	25,879,294	14,631,313

The notes on pages 25 to 52 form part of these financial statements.

United Endeavour Trust
(A company limited by guarantee)
Registered number: 09679560

Balance sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	13		25,872,267		14,836,544
Current assets					
Debtors	14	1,694,625		398,074	
Cash at bank and in hand		3,928,859		2,798,659	
		<u>5,623,484</u>		<u>3,196,733</u>	
Creditors: amounts falling due within one year	15	(2,536,180)		(989,964)	
Net current assets			<u>3,087,304</u>		<u>2,206,769</u>
Total assets less current liabilities			<u>28,959,571</u>		<u>17,043,313</u>
Creditors: amounts falling due after more than one year	16		(98,277)		-
Net assets excluding pension scheme liabilities			<u>28,861,294</u>		<u>17,043,313</u>
Defined benefit pension scheme liability	23		(2,982,000)		(2,412,000)
Net assets including pension scheme liabilities			<u>25,879,294</u>		<u>14,631,313</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	311,186		224,988	
Restricted fixed asset funds	17	26,892,706		15,185,615	
Restricted income funds excluding pension liability		27,203,892		15,410,603	
Pension reserve		(2,982,000)		(2,412,000)	
Total restricted income funds			24,221,892		12,998,603
Unrestricted income funds	17		1,657,402		1,632,710
Total funds			<u>25,879,294</u>		<u>14,631,313</u>

The financial statements on pages 22 to 52 were approved by the Trustees, and authorised for issue, on 26/11/18 and are signed on their behalf, by:

A White
Chair of Trustees

The notes on pages 25 to 52 form part of these financial statements.

United Endeavour Trust
(A company limited by guarantee)

Statement of cash flows
For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	1,098,048	293,335
Cash flows from investing activities:			
Dividends, interest and rents from investments		10,015	8,294
Purchase of tangible fixed assets		(2,311,694)	(642,082)
Capital grants from DfE Group		1,957,517	579,509
Cash received from local authority on conversion		376,314	-
Net cash provided by/(used in) investing activities		32,152	(54,279)
Change in cash and cash equivalents in the year		1,130,200	239,056
Cash and cash equivalents brought forward		2,798,659	2,559,603
Cash and cash equivalents carried forward	20	3,928,859	2,798,659

The notes on pages 25 to 52 form part of these financial statements.

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

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

1. Accounting policies (continued)

1.3 Income

All income is recognised once the academy trust 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 incorporating income and expenditure account 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 incorporating income and expenditure account 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.

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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 raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Building improvements	-	10 years straight line
Furniture and fixtures	-	5 years straight line
Computer equipment	-	3 years straight line
Assets under construction	-	Not depreciated

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

1.6 Interest receivable

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

1.7 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 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.

1.9 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. Accounting policies (continued)

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1. Accounting policies (continued)

1.12 Taxation

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1. Accounting policies (continued)

1.14 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Sir Thomas Boughey High School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Freehold land and buildings

On the transfer date of 1 September 2017, the trust was gifted the school premises by Staffordshire County Council. The school site value is based upon the valuation provided by FHP Property Consultants under the depreciated replacement cost for specialised assets as set out in Financial Reporting Standard 102 (section 17). The school site has been credited as a donation in the Restricted Fixed Asset Funds column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet.

Local Government Pension Scheme (LGPS)

The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained schools were transferred to United Endeavour Trust on 1 September 2017. The deficit on the LGPS has been debited as a donation in the Restricted General Funds column of the Statement of Financial Activities and included within LGPS liability on the balance sheet.

Cash

Cash balances at 1 September 2017 in respect of the maintained school and school funds were transferred to United Endeavour Trust. These cash balances have been credited as a donation in the Statement of Financial Activities and included within the cash and bank balances on the balance sheet.

Further details of the transaction are set out in note 21.

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Trustees.

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

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

1. Accounting policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Land and buildings valuation

The freehold land and buildings within the accounts relates to the academy premises which were donated to the trust on conversion. The land and buildings were valued using an independent valuer. These are being depreciated in accordance with the depreciation policies set out in note 1.

United Endeavour Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion (note 21)	442,508	(986,000)	9,225,000	8,681,508	-
Donations	13,828	-	-	13,828	140
Devolved formula capital grant	-	-	73,446	73,446	30,680
Condition improvement fund	-	-	2,519,002	2,519,002	644,777
Subtotal	13,828	-	2,592,448	2,606,276	675,597
	456,336	(986,000)	11,817,448	11,287,784	675,597
Total 2017	140	-	675,457	675,597	

United Endeavour Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	9,664,233	9,664,233	6,646,727
Pupil premium	-	462,172	462,172	320,282
Other DfE/ESFA grants	-	58,422	58,422	31,187
	-	10,184,827	10,184,827	6,998,196
Other government grants				
Special educational projects	-	90,703	90,703	76,231
Local authority grants	-	33,751	33,751	21,539
	-	124,454	124,454	97,770
Other funding				
Catering income	319,807	-	319,807	175,114
Trip income	343,399	-	343,399	135,995
	663,206	-	663,206	311,109
	663,206	10,309,281	10,972,487	7,407,075
Total 2017	311,109	7,095,966	7,407,075	

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	80,319	-	80,319	75,766
Other self generated income	52,923	-	52,923	105,609
Insurance income	30,204	-	30,204	5,440
Sponsor income	-	-	-	10,299
	163,446	-	163,446	197,114
Total 2017	197,114	-	197,114	

United Endeavour Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	10,015	-	10,015	8,294
Total 2017	8,294	-	8,294	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	52,568	-	49,097	101,665	29,279
Educational operations:					
Direct costs	7,620,799	-	845,603	8,466,402	6,009,067
Support costs	1,404,224	355,817	1,651,643	3,411,684	2,062,094
	9,077,591	355,817	2,546,343	11,979,751	8,100,440
Total 2017	6,281,334	370,436	1,448,670	8,100,440	

United Endeavour Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

7. Charitable activities

	Total funds 2018 £	Total funds 2017 £
Direct costs - educational operations		
Wages and salaries	5,813,380	4,132,415
National insurance	597,779	404,949
Pension cost	1,209,640	893,139
Technology costs	53,430	41,074
Educational supplies	111,922	92,890
Examination fees	166,672	109,237
Staff development	43,648	29,977
Educational consultancy	119,204	152,312
Other direct costs	350,727	153,074
	<u>8,466,402</u>	<u>6,009,067</u>
Support costs - educational operations		
Wages and salaries	1,108,644	650,482
National insurance	75,938	41,481
Pension cost	219,642	130,317
Depreciation	500,973	256,364
LGPS interest cost	89,000	50,000
Technology costs	42,176	52,698
Recruitment and support	43,419	27,121
Maintenance of premises and equipment	103,019	176,678
Cleaning	247,746	22,339
Rent and rates	75,141	71,479
Energy costs	192,475	122,279
Insurance	47,426	29,145
Security and transport	33,469	4,802
Catering	361,725	111,777
Other support costs	270,391	307,457
Governance costs	500	7,675
	<u>3,411,684</u>	<u>2,062,094</u>
	<u>11,878,086</u>	<u>8,071,161</u>

United Endeavour Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

8. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	500,973	256,364
Auditors' remuneration - audit	13,650	9,000
Auditors' remuneration - other services	3,250	9,765
Operating lease costs	53,877	29,720
	<u><u> </u></u>	<u><u> </u></u>

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Notes to the financial statements
For the Year Ended 31 August 2018

9. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	6,649,942	4,639,955
Social security costs	675,632	446,430
Operating costs of defined benefit pension schemes	1,429,282	1,023,456
	<u>8,754,856</u>	<u>6,109,841</u>
Agency staff costs	193,805	130,053
Staff restructuring costs	128,930	41,440
	<u><u>9,077,591</u></u>	<u><u>6,281,334</u></u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £25,608 (2017- £41,440). Individually the payments were £11,000 paid on 3 April 2018, £9,658 paid on 11 September 2018 and £4,950 paid on 11 September 2018 (2017- £17,860, £11,800, £7,000 and £4,780).

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	105	67
Support	107	78
Management	25	19
	<u>237</u>	<u>164</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	5	0
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
In the band £110,001 - £120,000	1	1

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefit (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £469,447 (2017 - £350,065) as the number of key management personnel increased in the year.

Notes to the financial statements
For the Year Ended 31 August 2018

10. Central services

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

- Finance
- Legal support
- Human Resources
- Estates
- Marketing
- IT and Data

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

The charge to the academies is based on the student numbers on roll and the cost of the central services provided.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Newcastle Academy	137,413	110,957
Clayton Hall Academy	369,711	291,993
Sir Thomas Boughey Academy	177,932	-
	685,056	402,950
Total	<u><u>685,056</u></u>	<u><u>402,950</u></u>

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
W Whelan, Chief Executive Officer and Accounting Officer	Remuneration	115,000-120,000	110,000-115,000
	Pension contributions paid	15,000-20,000	25,000-30,000
J Morgan, Staff Trustee (resigned 22 May 2017)	Remuneration	N/A	55,000-60,000
	Pension contributions paid	N/A	5,000-10,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £432 (2017 - £NIL) were reimbursed to 1 Trustee (2017 - none).

12. Trustees' and Officers' Insurance

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

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13. Tangible fixed assets

	Freehold property £	Building improvements £	Furniture and fixtures £	Computer equipment £
Cost or valuation				
At 1 September 2017	14,468,000	297,807	62,912	75,193
Additions	-	763,377	56,919	86,656
Transfer between classes	-	312,496	-	-
Transferred on conversion	9,225,000	-	-	-
At 31 August 2018	23,693,000	1,373,680	119,831	161,849
Depreciation				
At 1 September 2017	301,632	29,511	16,680	31,896
Charge for the year	342,820	99,911	16,586	41,656
At 31 August 2018	644,452	129,422	33,266	73,552
Net book value				
At 31 August 2018	23,048,548	1,244,258	86,565	88,297
At 31 August 2017	14,166,368	268,296	46,232	43,297
			Assets under construction £	Total £
Cost or valuation				
At 1 September 2017			312,351	15,216,263
Additions			1,404,744	2,311,696
Transfer between classes			(312,496)	-
Transferred on conversion			-	9,225,000
At 31 August 2018			1,404,599	26,752,959
Depreciation				
At 1 September 2017			-	379,719
Charge for the year			-	500,973
At 31 August 2018			-	880,692
Net book value				
At 31 August 2018			1,404,599	25,872,267
At 31 August 2017			312,351	14,836,544

Included in freehold property is land at cost of £6,552,000 (2017 - £4,352,000) which is not depreciated.

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14. Debtors

	2018 £	2017 £
Trade debtors	47,243	5,588
VAT repayable	365,724	92,265
Other debtors	9,245	5,244
Prepayments and accrued income	1,272,413	294,977
	<u>1,694,625</u>	<u>398,074</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	14,039	-
Trade creditors	1,604,732	412,314
Other taxation and social security	172,742	115,740
Other creditors	240,755	190,131
Accruals and deferred income	503,912	271,779
	<u>2,536,180</u>	<u>989,964</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	84,822	58,367
Resources deferred during the year	81,373	84,822
Amounts released from previous years	(84,822)	(58,367)
Deferred income at 31 August 2018	<u>81,373</u>	<u>84,822</u>

At the period end the trust had deferred income of £81,373 (2017 - £84,822) which relates to income from grants and school trips taking place in subsequent periods.

Included in other loans is a Salix loan totalling £14,039 which is an interest free loan repayable in fixed installments over 7 years, starting April 2019.

16. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	<u>98,277</u>	<u>-</u>

Included in other loans is a Salix loan totalling £98,277 which is an interest free loan repayable in fixed installments over 7 years, starting April 2019.

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Notes to the financial statements
For the Year Ended 31 August 2018

17. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	1,632,710	1,293,003	(806,525)	(461,786)	-	1,657,402
Restricted funds						
General Annual Grant (GAG)	224,988	9,664,233	(9,649,205)	71,170	-	311,186
Other DfE/ESFA	-	58,422	(58,422)	-	-	-
Pupil premium	-	462,172	(462,172)	-	-	-
Local authority grants	-	124,454	(124,454)	-	-	-
Pension reserve	(2,412,000)	(986,000)	(378,000)	-	794,000	(2,982,000)
	<u>(2,187,012)</u>	<u>9,323,281</u>	<u>(10,672,253)</u>	<u>71,170</u>	<u>794,000</u>	<u>(2,670,814)</u>
Restricted fixed asset funds						
Transferred on conversion	14,172,325	9,225,000	(348,779)	-	-	23,048,546
Capital expenditure from GAG	170,838	-	(68,512)	390,616	-	492,942
Condition Improvement Fund (CIF)	787,017	2,519,002	(69,348)	-	-	3,236,671
Devolved Formula Capital	55,435	73,446	(14,334)	-	-	114,547
	<u>15,185,615</u>	<u>11,817,448</u>	<u>(500,973)</u>	<u>390,616</u>	<u>-</u>	<u>26,892,706</u>
Total restricted funds	<u>12,998,603</u>	<u>21,140,729</u>	<u>(11,173,226)</u>	<u>461,786</u>	<u>794,000</u>	<u>24,221,892</u>
Total of funds	<u>14,631,313</u>	<u>22,433,732</u>	<u>(11,979,751)</u>	<u>-</u>	<u>794,000</u>	<u>25,879,294</u>

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17. Statement of funds (continued)

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

Unrestricted funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted general funds

The restricted general funds represents grants received for the Academy Trust's operational activities and development, restricted trip income and other restricted income.

Pension reserve

The pension reserve represents the Academy Trust's share of pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

The restricted fixed asset fund relates to grant funding received from the ESFA to carry out works of a capital nature, capital expenditure from GAG, and also the donation of assets on conversion.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Newcastle Academy	756,604	782,754
Clayton Hall Academy	682,858	942,853
Sir Thomas Boughy Academy	274,973	-
Central Services	254,153	132,091
Total before fixed asset fund and pension reserve	1,968,588	1,857,698
Restricted fixed asset fund	26,892,706	15,185,615
Pension reserve	(2,982,000)	(2,412,000)
Total	25,879,294	14,631,313

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17. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Newcastle Academy	1,486,726	196,905	135,324	381,148	2,200,103	2,285,555
Clayton Hall Academy	3,410,598	411,062	493,614	541,465	4,856,739	4,862,828
Sir Thomas Boughy	2,332,102	431,094	197,585	459,294	3,420,075	-
Central Services	154,941	365,163	19,080	84,677	623,861	396,692
	<u>7,384,367</u>	<u>1,404,224</u>	<u>845,603</u>	<u>1,466,584</u>	<u>11,100,778</u>	<u>7,545,075</u>

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17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	1,693,037	516,657	(423,363)	(153,621)	-	1,632,710
Restricted funds						
General Annual Grant (GAG)	103,920	6,646,727	(6,539,259)	13,600	-	224,988
Other DfE/ESFA	-	31,187	(31,187)	-	-	-
Pupil premium	133,215	320,282	(453,497)	-	-	-
Local authority grants	-	97,770	(97,770)	-	-	-
Pension reserve	(2,265,000)	-	(299,000)	-	152,000	(2,412,000)
	<u>(2,027,865)</u>	<u>7,095,966</u>	<u>(7,420,713)</u>	<u>13,600</u>	<u>152,000</u>	<u>(2,187,012)</u>
Restricted fixed asset funds						
Transferred on conversion	14,380,604	-	(208,279)	-	-	14,172,325
Capital expenditure from GAG	61,682	-	(30,865)	140,021	-	170,838
Condition Improvement Fund (CIF)	156,872	644,777	(14,632)	-	-	787,017
Devolved Formula Capital	27,343	30,680	(2,588)	-	-	55,435
	<u>14,626,501</u>	<u>675,457</u>	<u>(256,364)</u>	<u>140,021</u>	<u>-</u>	<u>15,185,615</u>
Total restricted funds	<u>12,598,636</u>	<u>7,771,423</u>	<u>(7,677,077)</u>	<u>153,621</u>	<u>152,000</u>	<u>12,998,603</u>
Total of funds	<u>14,291,673</u>	<u>8,288,080</u>	<u>(8,100,440)</u>	<u>-</u>	<u>152,000</u>	<u>14,631,313</u>

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A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	1,693,037	1,809,660	(1,229,888)	(615,407)	-	1,657,402
Restricted funds						
General Annual Grant (GAG)	103,920	16,310,960	(16,188,464)	84,770	-	311,186
Other DfE/ESFA	-	89,609	(89,609)	-	-	-
Pupil premium	133,215	782,454	(915,669)	-	-	-
Local authority grants	-	222,224	(222,224)	-	-	-
Pension reserve	(2,265,000)	(986,000)	(677,000)	-	946,000	(2,982,000)
	<u>(2,027,865)</u>	<u>16,419,247</u>	<u>(18,092,966)</u>	<u>84,770</u>	<u>946,000</u>	<u>(2,670,814)</u>
Restricted fixed asset funds						
Transferred on conversion	14,380,604	9,225,000	(557,058)	-	-	23,048,546
Capital expenditure from GAG	61,682	-	(99,377)	530,637	-	492,942
Condition Improvement Fund (CIF)	156,872	3,163,779	(83,980)	-	-	3,236,671
Devolved Formula Capital	27,343	104,126	(16,922)	-	-	114,547
	<u>14,626,501</u>	<u>12,492,905</u>	<u>(757,337)</u>	<u>530,637</u>	<u>-</u>	<u>26,892,706</u>
	<u>12,598,636</u>	<u>28,912,152</u>	<u>(18,850,303)</u>	<u>615,407</u>	<u>946,000</u>	<u>24,221,892</u>
Total of funds	<u>14,291,673</u>	<u>30,721,812</u>	<u>(20,080,191)</u>	<u>-</u>	<u>946,000</u>	<u>25,879,294</u>

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Notes to the financial statements
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18. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	25,872,267	25,872,267
Current assets	1,867,035	2,736,010	1,020,439	5,623,484
Creditors due within one year	(209,633)	(2,326,547)	-	(2,536,180)
Creditors due in more than one year	-	(98,277)	-	(98,277)
Provisions for liabilities and charges	-	(2,982,000)	-	(2,982,000)
	<u>1,657,402</u>	<u>(2,670,814)</u>	<u>26,892,706</u>	<u>25,879,294</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	14,836,544	14,836,544
Current assets	1,632,710	1,214,954	349,071	3,196,735
Creditors due within one year	-	(989,966)	-	(989,966)
Provisions for liabilities and charges	-	(2,412,000)	-	(2,412,000)
	<u>1,632,710</u>	<u>(2,187,012)</u>	<u>15,185,615</u>	<u>14,631,313</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	10,453,981	187,640
Adjustment for:		
Depreciation charges	500,973	256,364
Dividends, interest and rents from investments	(10,015)	(8,294)
Increase in debtors	(661,620)	(134,017)
Increase in creditors	1,644,491	368,099
Capital grants from DfE and other capital income	(2,592,448)	(675,457)
Defined benefit pension scheme cost less contributions payable	289,000	249,000
Defined benefit pension scheme finance cost	89,000	50,000
Net (surplus) on assets and liabilities from local authority on conversion	(8,239,000)	-
Cash transferred on conversion to an academy trust	(376,314)	-
Net cash provided by operating activities	<u>1,098,048</u>	<u>293,335</u>

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20. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	3,928,859	2,798,659
Total	<u>3,928,859</u>	<u>2,798,659</u>

21. Conversion to an academy trust

On 1 September 2017 Sir Thomas Boughy High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to United Endeavour Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold land and buildings	-	-	9,225,000	9,225,000
Budget surplus/(deficit) on LA funds	376,314	-	-	376,314
Budget surplus/(deficit) on other school funds	66,194	-	-	66,194
LGPS pension surplus/(deficit)	-	(986,000)	-	(986,000)
Net assets/(liabilities)	<u>442,508</u>	<u>(986,000)</u>	<u>9,225,000</u>	<u>8,681,508</u>

The above net assets include £376,314 that were transferred as cash and £66,194 of cash yet to be received.

The freehold land and buildings, being the school land, building and playing fields have been transferred from Staffordshire County Council for £nil consideration. The basis for valuation is detailed in the accounting policies in note 1.

The LGPS pension deficit represents the deficit at 1 September 2017 for Sir Thomas Boughy High School in respect of employees of the maintained schools that have transferred to the multi academy trust. The basis of this valuation is detailed in the accounting policies in note 1.

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22. Capital commitments

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

	2018	2017
	£	£
Contracted for but not provided in these financial statements	1,112,911	464,291

23. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. 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%.

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23. Pension commitments (continued)

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 £801,000 (2017 - £514,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £428,000 (2017 - £337,000), of which employer's contributions totalled £338,000 (2017 - £262,000) and employees' contributions totalled £90,000 (2017 - £75,000). The agreed contribution rates for future years are 22.6% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.80 %
Inflation assumption (CPI)	2.30 %	2.50 %
Commutation of pensions to lump sums - pre April 2008 service	50.00 %	50.00 %
Commutation of pensions to lump sums - post April 2008 service	75.00 %	75.00 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.4	26.4

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate -0.5%	858,000	581,000
Salary increase rate +0.5%	195,000	144,000
Pension increase rate +0.5%	648,000	424,000

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23. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,157,000	1,316,000
Corporate bonds	585,000	208,000
Property	247,000	138,000
Cash and other liquid assets	92,000	69,000
Total market value of assets	<u>3,081,000</u>	<u>1,731,000</u>

The actual return on scheme assets was £206,000 (2017 - £337,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(627,000)	(511,000)
Interest income	67,000	26,000
Interest cost	(156,000)	(76,000)
Total	<u>(716,000)</u>	<u>(561,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,143,000	3,340,000
Transferred on conversion	1,750,000	-
Current service cost	627,000	511,000
Interest cost	156,000	76,000
Employee contributions	90,000	75,000
Actuarial (gains)/losses	(681,000)	159,000
Benefits paid	(22,000)	(18,000)
Closing defined benefit obligation	<u>6,063,000</u>	<u>4,143,000</u>

United Endeavour Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

23. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	1,731,000	1,075,000
Transferred on conversion	764,000	-
Interest income	67,000	26,000
Actuarial gains	113,000	311,000
Employer contributions	338,000	262,000
Employee contributions	90,000	75,000
Benefits paid	(22,000)	(18,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,081,000	1,731,000
	<hr/>	<hr/>

24. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	72,316	43,931
Between 1 and 5 years	86,916	65,322
	<hr/>	<hr/>
Total	159,232	109,253
	<hr/>	<hr/>

25. 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 £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

26. Related party transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.