

Company Registration No. 07796947 (England and Wales)

MOWBRAY EDUCATION TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

MOWBRAY EDUCATION TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

C Godber
R Roberts
E Welsh
T Eardley (Resigned 15 February 2016)
C J Robinson

Trustees

C Godber (Chair) (Resigned 12 October 2016)
R Roberts
E Welsh
T Eardley (Resigned 15 February 2016)
C J Robinson (CEO and Accounting Officer)
A C Brewster (Acting Chair)
D Turrell (Staff Trustee)
M Bryers (Resigned 12 October 2016)
S Connolly
J Richards
M Heatlie (Appointed 29 June 2016)
B Maccarthy (Appointed 29 June 2016)
P Caulfield (Appointed 29 June 2016)

Senior management team

- Chief Executive Officer	C J Robinson
- Finance Director	S Mitchell
- Head Teacher of Ab Kettleby Community Primary School	I Toon
- Head Teacher of Brownlow Primary School	D Turrell
- Head Teacher of John Ferneley College	C Stansfield
- Head Teacher of Somerby Primary School	P Plant
- Head Teacher of The Grove Primary School	D M Owen

Company secretary

D Reed

Company registration number

07796947 (England and Wales)

Registered office

Scalford Road
Melton Mowbray
Leicestershire
LE13 1LH

Academies operated

Ab Kettleby Community Primary School
Brownlow Primary School
John Ferneley College
Somerby Primary School
Mowbray Education Trust
The Grove Primary School

Location

Melton Mowbray
Melton Mowbray
Melton Mowbray
Melton Mowbray
Melton Mowbray
Melton Mowbray

Head Teacher

I Toon
D Turrell
C Stansfield
P Plant
D M Owens

MOWBRAY EDUCATION TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	RSM UK Audit LLP Rivermead House 7 Lewis Court Grove Park Enderby Leicestershire LE19 1SD
Bankers	HSBC Bank Plc 17 High Street Melton Mowbray Leicestershire LE13 0TY
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Trust has had another successful year and noted many benefits arising from the development of the Trust structure in earlier years.

The Trust is made up of 1 secondary school and 4 primary schools in Melton Mowbray. The Academies have a combined pupil capacity of 2,202 and had a roll of 2,046 at 31 August 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Mowbray Education Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Mowbray Education Trust, and includes the operations of the following schools:

- Ab Kettleby Community Primary School
- Brownlow Primary School
- The Grove Primary School
- John Ferneley College
- Somerby Primary School

During the previous year ended 31 August 2015, the Academy Trust converted one primary school, that being the Grove Primary. No schools joined the Trust in the year to 31 August 2016.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has taken out third party indemnity insurance to protect the Trustees and Officers against claims arising from negligent acts, errors or omissions occurring whilst on Academy and Trust business. See note 12 for further details.

Method of recruitment and appointment or election of Trustees

The Articles of Association prescribe the following rules for appointment to the Board of Directors:

- The Members may appoint up to 10 Directors / Trustees
- The Directors may appoint up to 3 Directors / Trustees
- The CEO is a Director / Trustee
- A minimum of 2 parents to be Directors / Trustees if Local Governing Bodies without 2 parents do not exist at each school.

All Directors / Trustees have a term of office of 4 years, save for the CEO, who is a Director for as long as they are employed as CEO. Any Director/Trustee can be re-elected or re-appointed.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of Trustees

All Trustees are expected to undertake a full induction with the Trust upon their appointment, and will be given relevant supporting documentation. This induction programme intends to provide information on the Trust, its schools, its activities, staff, achievements, and the responsibilities expected of the Trustees.

The Trust also provides access to appropriate training resources procured through the Local Authority and other providers as appropriate.

Principal activities

The schools within the Trust have been established to provide high quality education to students and to enable those students to achieve success in their education whilst developing their personal skills and enabling them to access whatever their chosen future path may be. The Trust takes its community role seriously and provides resources for the benefit of the community as a whole.

Organisational structure

The Trustees are charged with overall responsibility for the actions of the Trust and its constituent schools. The Board of Directors / Trustees retains the legal responsibility for all operations of the schools however an agreed Terms of Reference (Scheme of Delegation) is in place with all member schools. These Terms of Reference identify what powers are delegated to the Local Governing Bodies and the Head Teachers of each school. The Directors are listed on page 1. There are 4 Members of the limited liability company, all of whom are Trustees and are separately identified on page 1.

The operating basis of the Terms of Reference is based upon maximising local control and decision making where possible.

The CEO of the Trust holds the position of Accounting Officer and his statement is included within this Annual Report. The Terms of Reference and all other governing documents can be viewed on the Trust website (www.mowbrayeducation.org) along with all other governing documents.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for key management staff is set out in Trust's pay policy which is annually reviewed and ratified by Trustees. The pay policy sets out the framework for making decisions on all pay including key management staff. The policy has been developed to comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD) and has been consulted on with staff and/or the recognised trade unions. The pay policy underpin the Academies' Performance Management Policy which provides the opportunity for all staff to discuss their performance and development needs in relation to their job role and pay progression. Where eligible for pay progression, the recommendation made by the appraiser is based on the assessment of their performance against the agreed objectives. The final decision lies with the pay committee of each school, constituted of members of the Local Governing Body, and is based on the statutory criteria and guidance set out in the STPCD and the relevant teacher standards. The remuneration of the CEO and the COO are set by the Board, with support from the Nominations and Remunerations Committee. No remuneration payments are made to Trustees.

Related parties and co-operation with other organisations

Mowbray Education Trust Limited carried out consultancy for West Grantham Academy Trust Limited, of which C J Robinson and S Mitchell are also trustees, with the support of the Board of Mowbray Education Trust.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust's objects, as disclosed in our Articles of Association are as follows:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").
- to promote for the benefit of the inhabitants of area where the Academies are established and its surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and the object of improving the condition of life of the said inhabitants.

Objectives, Strategies and Activities

The company is steadfastly focussed on providing an exemplary education to its students, following a broad and balanced curriculum and encouraging development of life skills over and above pure academic competence, in order to facilitate the transition to young adulthood as our students progress through the school.

With the establishment of the Multi Academy Trust, and the widening of the ages of children that the Trust teaches this remains the primary focus.

The Trust has set a 5 year strategy to guide its future development, and this vision is that "we will be a regionally known and respected educational leader recognised for our student outcomes and the impact of our educational partnerships".

The Trust believes in adding value to the lives of our children and that our purpose is:

1. To achieve outstanding student outcomes for all students within a learning environment that generates:
 - curiosity and creativity;
 - happiness and excitement (most days);
 - a feeling of encouragement and security; and
 - a rich range of extra-curricular and community based opportunities.
2. To make a difference to the life chances of young people by helping them cope and prosper in an ever changing and challenging world. This covers physical and emotional well-being as well as important knowledge, key skills and a positive attitude to work and life-long learning.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

3. To act collaboratively by sharing best practice within the Trust and by engaging with local, regional and national institutions and networks in opinion formation, training and research.

4. To question assumptions about teaching methods, the use of space and organisational systems and processes and to explore the power of new technologies and research-generated ideas to further improve educational outcomes.

The Trust has set out its values as being:

- High expectations
- Collaboration
- High quality training and development of staff
- Innovation

These Trust values are shared and interpreted by all schools, thereby maintaining the individual character of each school.

Public benefit

The Trustees of the Academy Trust have exercised due regard to the guidance on public benefit published by the Charity Commission in exercising their power and duties. Our provision of education is inclusive and wide ranging, with students able to experience diverse areas of the curriculum and learn key skills for their future lives.

STRATEGIC REPORT

Achievements and performance

2015-16 was a year in which the Trust achieved many significant milestones, and one that will be viewed as being the bedrock for our future growth and success as a Trust. It saw the continuation of developed working across and between each of our schools, and the further development of organisation wide operating practices.

The CEO continued his work as Chair of an Interim Emergency Board at the Secretary of State's request, and this work was completed at the end of the academic year, with a successful move to a new academy sponsor, and a remarkable improvement in the results of that particular school, both educationally and financially.

Our work with the 2 schools in Grantham that the DfE asked us to partner with previously continued apace, with deep and broad partnerships being forged between staff in those schools and with the schools in our Trust. This has resulted in some staff now on secondment at these Grantham schools, and progress being made against the action plans for each school. The contract was extended, with the agreement of the Grantham schools, to a period of 3 years.

Many of our students have again achieved some outstandingly good results in the summer assessment period for which the Directors congratulate the staff and students on their immense hard work, and are proud of their successes.

Secondary Schools

GCSE Results for 2016 once again place John Ferneley College as one of the best performing secondary schools in the region. Based upon the Government's favour measure of Progress 8, (a measurement for tracking the progress that students make on their best 8 subjects at GCSE and equivalent), the College was ranked as the 3rd best provider in the County, but perhaps even more impressively, was in the top 5% of schools nationally. This exceptional performance is a reward for the very hard work of the school, and is indicative of what we are trying to achieve across each of our schools. Every child matters, and we encourage every child to make the best progress they possibly can. It is for this reason that we support the Progress 8 measure as being of more value than the previous league table markers of 5 GCSEs at A*-C including English and Maths, as that measure ignored the tremendous progress that some students make but for whom attainment at C was not possible.

Primary Schools

The pupils at our four primary schools have largely performed well during the last year, with all schools meeting the Government's floor targets in all areas for progress, and some indicators being significantly above national average.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

Financial review

This set of accounts lays out the financial performance for the Trust for the year ended to 31 August 2016. Funding is primarily received through the Funding Agreements that the Trust has with the Secretary of State for each school within the Trust. This funding is based upon the number of students on each school's roll, and is restricted for expenditure solely on the purposes of meeting the terms of the Funding Agreement. Funding is lagged for 12 months. Where schools have joined the Trust mid-year the revenue and expenses recognised in the accounts are those which accrue to the schools over that period.

Expenditure during the period has been overseen by the Governing Body of each school, and through its delegated powers to the respective Finance Committees. The Trust Board has oversight of all financial reports and it is the view of this Board that expenditure has been prudent, and managed in accordance with the Trust's financial procedures and policies. The majority of expenditure has been in relation to teaching staff and support costs, as is to be expected with schools.

At 31 August 2016 the Trust had £984,400 (2015: £1,237,491) in cash, with a reported deficit before depreciation, transfers between funds and transfer on conversion of £17,572 (2015: £228,142 loss).

Financial and risk management objectives and policies

The Directors take seriously their responsibility to manage all risks pertaining to the organisation to safeguard the future security of the Trust. To this end the Directors seek to ensure that the Trust retains reserves of an appropriate level and our Reserves Policy is shown in this report.

The Board manages its financial risk exposure to credit, cashflow and liquidity risks actively through the Operations and Finance Director, and through oversight by the Audit Committee. The Board have approved an investment policy that directs investment of cash held into suitable investment vehicles restricted solely to those vehicles offered as cash deposit accounts. Trade debtors are minimal in value and in principle, payment in advance is sought from all debtors to minimise risk of bad debt. Credit extended to the Trust from suppliers is used and where appropriate, the Trust seeks to support small local suppliers through prompt payment of invoices.

The Board regularly review the Trust's cash position and ensure that sufficient liquidity is available to safeguard operations.

Reserves policy

Reserves are different to annual operating expenditure. Reserves are to be used for strategic development plans of the schools, and activities occurring on a day to day basis should not be funded from reserves.

Reserves belong to the Trust, and are to be used at the discretion of the Directors. It is the Directors' responsibility to ensure that the Trust remains a Going Concern and to hold such reserves that it determines appropriate to support the going concern nature of the Trust, and its individual member schools. It is the Directors' current view that the Trust should hold a minimum of 1 months operating costs as Free Reserves, and should be working towards establishing reserves of 2 month's operating costs. Free Reserves are identified as cash balances over and above the recurring business cycle's cashflow, and which are not committed to any other usage.

The Directors have determined that the charitable company requires reserves for the following purposes:

- To cover statutory obligations and to wind up its own affairs in an orderly way; if so decided
- To provide working capital for projects with late payment dates and to fund initiatives of importance to furthering the objects of the Trust
- To meet the costs of planned major capital expenditure

All these calls on reserves are inter-related, so that reserves ultimately held to cover statutory obligations may be used as working capital in the short term, where it is known that funding will eventually be received. The long term objective is that separate sums should be designated to meet statutory objectives and for working capital needs.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

Any unspent funds at the end of each financial year within each school will be transferred to Trust reserves to enable the Directors to assign reserves to any strategic project arising in the future in any school or in the Mowbray Education Trust as a whole. Reserves accruing to each school will be identifiable and be used by the Directors when reviewing applications for use of reserves.

At all times the Directors pay due regard to the benefit of utilising reserves whilst minimising the risk to the Trust of cash flow implications. These reserves held by the Trust at present largely constitute the reserves transferred to it by the Local Authority upon conversion of the schools to Academy status and are therefore not representative of surpluses made in its normal day to day operations.

Investment policy

The Trustees have approved an Investment Policy that ensures that reserves are being invested in an appropriate manner with due regard to return and risk. It is the policy of the Trust that reserves be invested in approved investment vehicles but should not be fixed for longer than twelve months. The Trustees receive regular reports as to the performance of investments made by the Trust.

Key performance indicators

The performance of the Trust is much more than the financial performance showcased in this set of financial statements. The Trust Board take a holistic view when measuring performance. All schools in the Trust are tracked on the following metrics: the Ofsted grade of each school, academic grades received, internal tracking of performance, the numbers of pupils on roll, capacity, turnover, attendance, etc.

During the year a programme of Quality Assurance has been rolled out across the Trust. Collaborative working by the head teachers has led to regular feedback and development of each school. Training has been delivered to the Governors of the local governing bodies. The benefits of working together are leading to increased understanding particularly in relation to transition.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the 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 can be found in the Accounting Policies.

Plans for future periods

The Trust, as set out in the strategic summary of the plans set out overleaf, has plans to consolidate the growth of the Trust over the coming period, ensuring that excellent standards are maintained across all schools and to support the development of all member schools.

The Trust Board has indicated a strategic intent to grow the size of the Trust over the next 5 years and will seek to take advantage of opportunities as they arise. The 5 year strategy of the Trust can be summarised in these bullet points:

- Use a QA and development programme across the Trust to support outcomes in at least top 25% of schools nationally;
- To grow number of schools to build staff capacity and access capital funds;
- To identify, prepare and implement a school improvement team;
- To ensure that governance policies, processes and procedures are a model of outstanding practice.

The Trustees are focussed on ensuring that our schools continue their excellent path of growth with regard to results at Key Stages 1-4, and have reviewed management forecasts and plans which indicate continued success. The Trust is also actively seeking to engage with pre-school providers, and as indicated in Note 26, several pre-schools will be joining the Trust in the coming months. This aids significantly the benefits that the Trust can have when working at transition points for children, and is a key part of our strategy to ensure that all children are supported.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

Principal risks and uncertainties

The charity Trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

The Trust's Board of Directors reviews the Risk Register, and ensures that appropriate actions are taken.

The Funding Agreement confirms a 7 year rolling cycle, giving the Directors some reassurance over the potential risk of continuity of funding.

The Trust Board considers the principal risks to the organisation to be:

- a) failure to deliver positive educational outcomes;
- b) loss of funding; and
- c) safeguarding issues.

The Board have enacted specific actions in relation to each of these principal risk areas, and regularly review how they are being mitigated through the Risk Register. The CEO is accountable to the Board for ensuring that systems are in place that avoid these risks materialising.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held as Custodian Trustee on behalf of others.

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Trust encourages the involvement of its employees in its management through regular meetings of the staff forums which have responsibility for the dissemination of information of particular concern to employees (including financial and economic factors affecting the performance of the Trust) and for receiving their views on important matters of policy.

The Trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The Trust is committed to providing training and support so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the Trust.

During employment the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the Directors at a meeting on31/12/16..... and signed on its behalf by:

.....
A C Brewster
Acting Chair



MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Mowbray Education Trust Limited 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 probity and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Mowbray Education Trust Limited 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 10 times during the year. Attendance during the year at meetings of the Board of Trustees and constituent sub committees, were as follows:

Trustees	Meetings attended	Out of possible
C Godber (Chair) (Resigned 12 October 2016)	7	10
R Roberts	10	10
E Welsh	10	10
T Eardley (Resigned 15 February 2016)	3	4
C J Robinson (CEO and Accounting Officer)	9	9
A C Brewster (Acting Chair)	8	10
D Turrell (Staff Trustee)	10	10
M Bryers (Resigned 12 October 2016)	10	10
S Connolly	10	10
J Richards	10	10
M Heatlie (Appointed 29 June 2016)	1	1
B Maccarthy (Appointed 29 June 2016)	1	1
P Caulfield (Appointed 29 June 2016)	1	1

The Board has acted resolutely throughout the period and has overseen some very large changes to the structure of the organisation. The Trustees are proud of the success of these changes and the smoothness by which the transitions have taken place.

The Trust Board regularly reviews its performance. As part of the restructure of the governance model during the year all committees were reviewed and new terms of reference drawn up.

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

There are two sub-committees of the Board. The Audit Committee reviews all aspects of finance and risk pertaining to the organisation, and the Nominations and Remunerations Committee oversees board skills, competencies and succession planning for directors, as well as personnel related issues that are not delegated to the Executive in the Scheme of Delegation. It is also responsible for approving changes in remuneration structures for senior management, and approving organisational wide pay adjustments, and changes to pay policies enacted in the schools.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
C Godber (Chair) (Resigned 12 October 2016)	0	2
R Roberts	2	3
E Welsh	3	3
T Eardley (Resigned 15 February 2016)	1	1
C J Robinson (CEO and Accounting Officer)	3	3
A C Brewster (Acting Chair)	1	1
M Bryers (Resigned 12 October 2016)	3	3

Review of value for money

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

The Accounting Officer considers how the 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 available. The accounting officer for the Academy Trust has delivered improved value for money during the year as stated below.

Mowbray Education Trust is proud of our students and the tremendous results they achieve. We are not existing just to provide a route to secure qualifications, but facilitating access to the next stage of each and every student's life, through from Key Stage 1 to 4. This manifests itself in the broad range of the curriculum offered, the extra-curricular activities available, and the social development opportunities that exist within our group of schools.

Education Delivery

We are **committed to raising attainment standards and continuously improving educational results.**

The Trust has implemented a **model of assertive tracking** and **Quality Assurance** that we really believe is second to none. It allows us to monitor the progress each student is making, across all lessons and to intervene where need be, and to give focussed and relevant praise in areas of high achievement. The **staffing structure is under continuous review**, and we employ a **wide range of excellent staff**, allowing teachers with the expertise to **drive enhancement of the curriculum**. The growth of the MAT is allowing us opportunities for the further development of staff and sharing of expertise between schools where needs are identified.

We have a huge belief in the **importance of place** as being key to the learning of students. Our school sites are of key importance to education as a whole and we invest to ensure our students have the best facilities available to support their learning. Over the last year the Trust has invested significantly in improving the IT infrastructure of all of our schools, which aids the ability to deliver outstanding teaching to our children. The Grove has invested in developing outside play and learning areas for their children, as well as some significant remodelling of the inside of their building. Ab Kettleby suffered significant damage during the summer floods but due to the support of the Trust, and Brownlow School, was only closed to children for one day, and the school re-opened for the new academic year completely repaired and refurbished. John Ferneley College was supported to transition their catering provision to an alternative provider which has seen food quality and range increase, student participation in hot food increase, and seen a cost saving to the school in excess of £50,000 every year. Cleaning has also been outsourced for the start of the new academic year at John Ferneley, Brownlow and Somerby, resulting in an improved contract, with financial savings across the Trust too.

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

We continue to believe in the value of high quality teaching. We monitor this on a regular basis, and invest in appropriate CPD, and resources to drive up the levels of outstanding teaching across all of our schools.

Our activities are having a **quantifiable effect**. We have implemented cross school **Quality Assurance** inspections, which are helping to drive forward the development of joined up Self Evaluation Documents, and School Improvement Plans.

Attendance is continually improving due largely to the intensive work programme put in place to monitor and follow up on all non-attendance issues. However, a real success is seen in **persistent absenteeism**. This has seen a decrease to 4.3% in the secondary school with comparable numbers in the primary schools.

Financial performance for the Trust during the year has been sound, albeit against a position of tightening funding arrangements and increasing costs. The Trust's reserves remain healthy, and the Board are committed to ensuring that reserves are used for projects that will benefit our students. The Board however are cognisant of their requirement to maintain healthy reserves so that future needs can be met.

Financial Governance and Oversight

We recognise our **obligation to act transparently** and to use public funds with probity and responsibility. The Chief Operating Officer has also implemented **Financial Assurance Standards**, delivering a road map for continued financial improvement, and a recent Internal Audit report notes that "**Governance is very good indeed**".

The Trust has a robust Audit Committee that oversees the financial activities of the Trust and that challenges the Executive on financial management and reporting, and regularly reports to the full Board. Each school has their own Finance committee where the Governors hold the respective SLT's to account. The Trust utilise the same finance system across all schools within the Trust ensuring probity, transparency and accountability is paramount. The financial governance model of the Academy includes an Accounting Officer, who is also the CEO of the Trust and the Accounting Officer completes a declaration that is included in the statutory accounts as to the discharge of their duties.

The Audit Committee has a policy of **ensuring value for money at all times** and all schools have requirements for similar focus, including a comprehensive procurement protocol, where 3 quotes are required for purchases over £10,000. All purchases have dual signatory requirements to ensure probity. The Finance Committee of each school consider the **opportunity cost** of any investment, and **the projected return** of any investment decisions. This ensures that money is effectively spent and is **targeted on activities** that are most relevant to the school's development and the attainment of students.

During 2015/16 all service contracts were reviewed and where appropriate renegotiated to get the best mix of quality and effectiveness, whilst ensuring value for money.

The Trust has a focus on increased **revenue generation** where possible, and is actively seeking new revenue streams. There is a recognition that driving unrestricted funds through commercial activities will be of benefit to the pupils as monies made can be reinvested in resources for the furtherance of education. The Board though are acutely aware that such commercial activities should not be followed to the detriment of the educational provision within each of the schools.

Management accounts are produced monthly and shared with staff throughout the Trust as well as the Audit Committee and Local Governing Bodies. Cash and bank balances that are not required for working capital are invested in a higher return account, and regularly reviewed.

MOWBRAY EDUCATION TRUST LIMITED

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mowbray Education Trust Limited for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has commissioned Leicestershire County Council to carry out this work after some detailed specification development. The initial report notes that "*Governance is very good indeed*", and there is a rolling scope of work that will review specific areas across the Trust and schools every year.

Review of effectiveness

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


- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

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 Board of Trustees on 7/12/16 and signed on its behalf by:


C J Robinson
CEO and Accounting Officer

A C Brewster
Acting Chair



MOWBRAY EDUCATION TRUST LIMITED

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Mowbray Education Trust Limited I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



C J Robinson
Accounting Officer

7/12/16

MOWBRAY EDUCATION TRUST LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors of Mowbray Education Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 Mowbray Education Trust Limited 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 in the Charities SORP 2015;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that grants received from the DfE/EFA 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  and signed on its behalf by:



A C Brewster
Acting Chair

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOWBRAY EDUCATION TRUST LIMITED

YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Mowbray Education Trust Limited for the year ended 31 August 2016 set out on pages 19 to 42. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 16, the Trustees (who act as Trustees for the charitable activities of the charitable company, and are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOWBRAY EDUCATION TRUST LIMITED (CONTINUED)
YEAR ENDED 31 AUGUST 2016

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.

RSM UK Audit LLP

Gareth Jones (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SD

Dated: *15/12/16*

MOWBRAY EDUCATION TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	4	11,992	-	48,406	60,398	918,374
Donations - transfer from local authority on conversion		-	-	-	-	987,744
Charitable activities:						
- Funding for educational operations	5	-	9,466,732	-	9,466,732	8,777,706
Other trading activities	6	562,025	-	-	562,025	340,374
Investments	7	5,524	-	-	5,524	5,338
Total income and endowments		579,541	9,466,732	48,406	10,094,679	11,029,536
Expenditure on:						
Raising funds	8	238,871	-	-	238,871	160,090
Charitable activities:						
- Educational operations	9	-	9,873,380	472,819	10,346,199	10,602,688
Total expenditure	8	238,871	9,873,380	472,819	10,585,070	10,762,778
Net income/(expenditure)		340,670	(406,648)	(424,413)	(490,391)	266,758
Transfers between funds	18	(265,150)	228,648	36,502	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(893,000)	-	(893,000)	(37,000)
Net movement in funds		75,520	(1,071,000)	(387,911)	(1,383,391)	229,758
Reconciliation of funds						
Total funds brought forward		378,953	(2,816,000)	23,005,263	20,568,216	20,338,458
Total funds carried forward		454,473	(3,887,000)	22,617,352	19,184,825	20,568,216

MOWBRAY EDUCATION TRUST LIMITED**BALANCE SHEET****AS AT 31 AUGUST 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	13		22,617,352		23,005,263
Current assets					
Debtors	14	293,654		719,447	
Cash at bank and in hand		984,400		1,237,491	
			<u>1,278,054</u>		<u>1,956,938</u>
Current liabilities					
Creditors: amounts falling due within one year	15	(823,581)		(1,577,985)	
Net current assets			<u>454,473</u>		<u>378,953</u>
Net assets excluding pension liability			<u>23,071,825</u>		<u>23,384,216</u>
Defined benefit pension liability	23		(3,887,000)		(2,816,000)
Net assets			<u><u>19,184,825</u></u>		<u><u>20,568,216</u></u>
Funds of the Academy Trust:					
Restricted funds	18				
- Restricted fixed asset funds			22,617,352		23,005,263
- Pension reserve			(3,887,000)		(2,816,000)
Total restricted funds			<u>18,730,352</u>		<u>20,189,263</u>
Unrestricted income funds	18		<u>454,473</u>		<u>378,953</u>
Total funds			<u><u>19,184,825</u></u>		<u><u>20,568,216</u></u>

The financial statements set out on pages 19 to 42 were approved by the Board of Trustees and authorised for issue on 31/10/16 and are signed on its behalf by:



AC Brewster
Acting Chair

MOWBRAY EDUCATION TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash used in operating activities	21	(222,113)		(448,594)	
Cash funds transferred on conversion		-		50,000	
				<hr/>	
		(222,113)		(398,594)	
Cash flows from investing activities					
Dividends, interest and rents from investments		5,524		5,338	
Capital grants from DfE and EFA		48,406		536,804	
Capital funding from sponsors and others		-		373,457	
Payments to acquire tangible fixed assets		(84,908)		(180,479)	
		<hr/>		<hr/>	
		(30,978)		735,120	
Change in cash and cash equivalents in the reporting period					
		(253,091)		336,526	
Cash and cash equivalents at beginning of the year		1,237,491		900,965	
		<hr/>		<hr/>	
Cash and cash equivalents at end of the year		984,400		1,237,491	
		<hr/> <hr/>		<hr/> <hr/>	

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Mowbray Education Trust Limited is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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.

Basis of preparation

The financial statements of the Academy Trust 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 financial statements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Mowbray Education Trust Limited meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements are the first financial statements of Mowbray Education Trust Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Mowbray Education Trust Limited for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

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

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities and academy trips, is recognised at the fair value of the consideration received or receivable in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold buildings	over 50 years
Computer equipment	over 3 years
Fixtures and equipment	over 5 or 20 years
Motor vehicles	over 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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.

Liabilities

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

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 projected unit method. The TPS is a multi-employer scheme but 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 are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

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

Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render the service to the Academy Trust. The cost of any unused holiday entitlement in the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Academy Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Financial instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the Academy Trust expects to consume the future economic benefits embodied in the assets.

Critical areas of judgement

The judgments (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements are disclosed below:

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Academy Trust as lessee.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

3 Comparative year information

Year ended 31 August 2015	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2015 £
Income and endowments from:				
Donations and capital grants	8,113	-	910,261	918,374
Donations - transfer from local authority on conversion	194,044	(524,000)	1,317,700	987,744
Charitable activities:				
- Funding for educational operations	-	8,777,706	-	8,777,706
Other trading activities	340,374	-	-	340,374
Investments	5,338	-	-	5,338
Total income and endowments	<u>547,869</u>	<u>8,253,706</u>	<u>2,227,961</u>	<u>11,029,536</u>
Expenditure on:				
Raising funds	160,090	-	-	160,090
Charitable activities:				
- Educational operations	-	9,332,094	1,270,594	10,602,688
Total expenditure	<u>160,090</u>	<u>9,332,094</u>	<u>1,270,594</u>	<u>10,762,778</u>
Net income/(expenditure)	387,779	(1,078,388)	957,367	266,758
Transfers between funds	(468,356)	381,388	86,968	-
Other recognised gains and losses				
Actuarial gains/(losses) on defined benefit pension schemes	-	(37,000)	-	(37,000)
Net movement in funds	<u>(80,577)</u>	<u>(734,000)</u>	<u>1,044,335</u>	<u>229,758</u>

4 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donated fixed assets	-	-	-	373,457
Capital grants	-	48,406	48,406	536,804
Other donations	11,992	-	11,992	8,113
	<u>11,992</u>	<u>48,406</u>	<u>60,398</u>	<u>918,374</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	8,558,184	8,558,184	7,996,364
Other DfE / EFA grants	-	495,759	495,759	470,673
	-	9,053,943	9,053,943	8,467,037
Other government grants				
Local authority grants	-	210,846	210,846	155,913
Special educational projects	-	201,943	201,943	154,756
	-	412,789	412,789	310,669
Total funding	-	9,466,732	9,466,732	8,777,706

6 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	40,310	-	40,310	37,777
Academy trips	224,657	-	224,657	137,660
Other income	297,058	-	297,058	164,937
	562,025	-	562,025	340,374

7 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	5,524	-	5,524	5,338

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

8 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	238,871	238,871	160,090
Academy's educational operations					
- Direct costs	6,405,285	-	721,312	7,126,597	6,827,715
- Allocated support costs	1,264,137	1,031,851	923,614	3,219,602	3,774,973
Total expenditure	7,669,422	1,031,851	1,883,797	10,585,070	10,762,778

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor		
- Audit	17,000	15,000
- Other services	6,614	11,225
Operating lease rentals	110,634	150,672
Net interest on defined benefit pension liability	106,000	96,000
Depreciation of tangible fixed assets	472,819	453,844

Central services

The Academy Trust has provided the following central services to its academies during the year:

- full human resource and payroll services;
- oversight and co-ordination of financial services;
- oversight and co-ordination of estates and health and safety;
- provision of IT management and support;
- provision of communications and marketing support;
- executive management.

The Academy Trust charges for these services on the following basis:

- 4.5% of grant income for primary schools;
- 6.5% of grant income for secondary schools.

The amounts charged during the year were as follows:

	Total £
Ab Kettleby Community Primary School	15,113
Brownlow Primary School	105,589
John Ferneley College	288,062
Somerby Primary School	19,908
Mowbray Education Trust	122,907
The Grove Primary School	64,028
	615,607

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Charitable activities

	2016 £	2015 £
All from restricted funds:		
Direct costs - educational operations	7,126,597	6,827,715
Support costs - educational operations	3,219,602	3,774,973
	<u>10,346,199</u>	<u>10,602,688</u>

	2016 £	2015 £
Analysis of support costs		
Support staff costs	1,264,137	1,158,495
Depreciation and amortisation	472,819	453,844
Premises costs	559,032	1,164,142
Other support costs	867,500	972,267
Governance costs	56,114	26,225
	<u>3,219,602</u>	<u>3,774,973</u>

10 Staff costs

	2016 £	2015 £
Wages and salaries	5,909,262	5,670,433
Social security costs	451,411	393,698
Other pension costs	1,013,738	902,674
	<u>7,374,411</u>	<u>6,966,805</u>
Total staff costs	7,374,411	6,966,805
Supply staff costs	177,062	269,725
Staff restructuring costs	3,283	-
Staff development and other staff costs	114,666	101,916
	<u>7,669,422</u>	<u>7,338,446</u>

Staff numbers

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

	2016 Number	2015 Number
Teachers	206	210
Administration and support	120	118
Management	7	7
	<u>333</u>	<u>335</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Staff costs (Continued)

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	2	4
£70,001 - £80,000	2	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2015: £nil).

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust was £646,885 (2015: £553,472).

11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

C J Robinson (CEO and Accounting Officer) received remuneration of £118,990 (2015: £114,974), other benefits of £2,093 (2015: £2,093) were paid in the year and pension contributions paid by the Academy Trust in the year of £nil (2015: £nil).

D Turrell (staff trustee) received remuneration of £76,814 (2015: £76,814). The staff trustee is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £12,659 (2015: £10,871).

During the year ended 31 August 2016, three trustees received travel expenses amounting to £4,414 (2015: £1,280 to 2 trustees).

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

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,519 (2015: £2,300).

13 Tangible fixed assets

	Long leasehold buildings	Computer equipment	Fixtures and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2015	24,162,030	627,611	264,744	30,375	25,084,760
Additions	-	20,496	64,412	-	84,908
At 31 August 2016	24,162,030	648,107	329,156	30,375	25,169,668
Depreciation					
At 1 September 2015	1,421,914	585,514	59,878	12,191	2,079,497
Charge for the year	408,261	15,675	45,771	3,112	472,819
At 31 August 2016	1,830,175	601,189	105,649	15,303	2,552,316
Net book value					
At 31 August 2016	22,331,855	46,918	223,507	15,072	22,617,352
At 31 August 2015	22,740,116	42,097	204,866	18,184	23,005,263

14 Debtors

	2016 £	2015 £
Trade debtors	19,308	28,378
VAT recoverable	92,820	84,875
Other debtors	3,541	522,192
Prepayments and accrued income	177,985	84,002
	293,654	719,447

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	455,950	381,349
Other taxation and social security	126,924	124,466
Other creditors	117,874	978,901
Accruals and deferred income	122,833	93,269
	823,581	1,577,985

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Deferred income	2016	2015
	£	£
Deferred income is included within:		
Creditors due within one year	22,177	48,410
	<u> </u>	<u> </u>
Deferred income at 1 September 2015	48,410	22,005
Released from previous years	(48,410)	(22,005)
Amounts deferred in the year	22,177	48,410
	<u> </u>	<u> </u>
Deferred income at 31 August 2016	<u>22,177</u>	<u>48,410</u>

The deferred income of £22,177 (2015: £48,410) relates to trip money paid in advance by parents for events occurring in the year ended 31 August 2017.

17 Financial instruments	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	22,849	550,570
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	(674,480)	(1,405,109)
	<u> </u>	<u> </u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Funds

	Balance at 1 September 2015	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	8,558,184	(8,786,832)	228,648	-
Other DfE / EFA grants	-	495,759	(495,759)	-	-
Other government grants	-	412,789	(412,789)	-	-
Funds excluding pensions	-	9,466,732	(9,695,380)	228,648	-
Pension reserve	(2,816,000)	-	(178,000)	(893,000)	(3,887,000)
	(2,816,000)	9,466,732	(9,873,380)	(664,352)	(3,887,000)
Restricted fixed asset funds					
DfE / EFA capital grants	144,330	48,406	(37,501)	-	155,235
Inherited funds	22,718,904	-	(416,953)	-	22,301,951
Capital expenditure from GAG	142,029	-	(18,365)	36,502	160,166
	23,005,263	48,406	(472,819)	36,502	22,617,352
Total restricted funds	20,189,263	9,515,138	(10,346,199)	(627,850)	18,730,352
Unrestricted funds					
General funds	378,953	579,541	(238,871)	(265,150)	454,473
Total funds	20,568,216	10,094,679	(10,585,070)	(893,000)	19,184,825

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

Restricted general funds

This fund represents grants received for the Academy's operational activities and development. This includes the pension reserve which represents the potential liability due by the Academy at the year end.

Fixed asset fund

This fund represents the net book value of fixed assets that the Academy have purchased out of grants received and have been transferred on conversion.

Unrestricted funds

The unrestricted funds represent funds available to the Trustees to apply for the general purposes of the Academy.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2016.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Funds (Continued)

Total funds analysis by academy

	Total £
Fund balances at 31 August 2016 were allocated as follows:	
Ab Kettleby Community Primary School	(21,017)
Brownlow Primary School	162,195
John Ferneley College	98,618
Somerby Primary School	40,947
Mowbray Education Trust	122,811
The Grove Primary School	50,919
	<hr/>
Total before fixed assets fund and pension reserve	454,473
Restricted fixed asset fund	22,617,352
Pension reserve	(3,887,000)
	<hr/>
Total funds	19,184,825
	<hr/> <hr/>

The deficit within Ab Kettleby Community Primary School has arisen as a result of investment in the IT infrastructure over the course of the year that will support improved educational practice for the children moving forward. The school is expanding, and as pupil funding is lagged by 12 months, there are income pressures as the school grows. A surplus budget has been produced for 2016-17, and the Board are confident that the school will return to surplus.

Total cost analysis by academy

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 depreciation	Total
	£	£	£	£	£
Ab Kettleby Community Primary School	228,312	52,864	7,765	74,353	363,294
Brownlow Primary School	1,615,069	215,247	92,459	369,736	2,292,511
John Ferneley College	3,262,869	668,797	192,260	1,053,612	5,177,538
Somerby Primary School	181,817	16,483	19,115	37,119	254,534
Mowbray Education Trust	105,000	354,396	34,784	335,687	829,867
The Grove Primary School	825,490	143,078	52,335	173,604	1,194,507
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,218,557	1,450,865	398,718	2,044,111	10,112,251
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£	£	£	£
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	22,617,352	22,617,352
Current assets	1,278,054	-	-	1,278,054
Creditors falling due within one year	(823,581)	-	-	(823,581)
Defined benefit pension liability	-	(3,887,000)	-	(3,887,000)
	<u>454,473</u>	<u>(3,887,000)</u>	<u>22,617,352</u>	<u>19,184,825</u>

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Amounts due within one year	165,008	152,307
Amounts due between one and five years	138,480	143,990
	<u>303,488</u>	<u>296,297</u>

21 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period	(490,391)	266,758
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(987,744)
Capital grants from DfE/EFA and other capital income	(48,406)	(910,261)
Interest receivable	(5,524)	(5,338)
Defined benefit pension scheme cost less contributions payable	72,000	77,000
Defined benefit pension scheme finance cost/(income)	106,000	96,000
Depreciation of tangible fixed assets	472,819	453,844
(Increase)/decrease in debtors	425,793	(549,167)
Increase/(decrease) in creditors	(754,404)	966,270
Stocks, debtors and creditors transferred on conversion	-	144,044
Net cash used in operating activities	<u>(222,113)</u>	<u>(448,594)</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Members' liability

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

23 Pensions and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £112,044 (2015: £99,000) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS. 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 (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), with an employer cost cap of 10.9% of pensionable pay, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

23 Pensions and similar obligations (Continued)

The pension costs paid to the TPS in the period amounted to £606,440 (2015: £292,720).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.47% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £363,000.

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

Total contributions made	2016	2015
	£	£
Employer's contributions	339,000	312,000
Employees' contributions	98,000	93,000
Total contributions	<u>437,000</u>	<u>405,000</u>

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.1	4.5
Rate of increase for pensions in payment	2.1	2.6
Discount rate	2.0	3.7

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

	2016	2015
	Years	Years
Retiring today		
- Males	22.2	22.2
- Females	24.3	24.3
Retiring in 20 years		
- Males	24.2	24.2
- Females	26.6	26.6

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

23 Pensions and similar obligations (Continued)

The Academy Trust's share of the assets in the scheme	2016	2015
	Fair value	Fair value
	£	£
Equities	2,506,000	1,659,000
Bonds	627,000	528,000
Property	313,000	276,000
Other assets	35,000	50,000
	<u>3,481,000</u>	<u>2,513,000</u>
Actual return on scheme assets - gain/(loss)	<u>579,000</u>	<u>(93,000)</u>
Amounts recognised in the statement of financial activities	2016	2015
	£	£
Current service cost	411,000	389,000
Net interest cost	106,000	96,000
	<u>517,000</u>	<u>485,000</u>
Changes in the present value of defined benefit obligations		2016
		£
Obligations at 1 September 2015		5,329,000
Current service cost		411,000
Interest cost		206,000
Employee contributions		98,000
Actuarial loss		1,372,000
Benefits paid		(48,000)
		<u>7,368,000</u>
At 31 August 2016		<u>7,368,000</u>
Changes in the fair value of the Academy Trust's share of scheme assets		2016
		£
Assets at 1 September 2015		2,513,000
Interest income		100,000
Return on plan assets (excluding net interest on the net defined pension liability)		479,000
Employer contributions		339,000
Employee contributions		98,000
Benefits paid		(48,000)
		<u>3,481,000</u>
At 31 August 2016		<u>3,481,000</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

24 Subsidiary undertakings

Mowbray Education Trust Limited holds 100% of the share capital of Mowbray Education Trust Services Limited. The subsidiary company was dormant throughout the year, however it became VAT registered on 1 September 2016 in anticipation of commencing to trade in the current year. At 31 August 2016, the capital and reserves of Mowbray Education Trust Services Limited was £1.

25 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from the local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year, the Mowbray Education Trust Limited carried out consultancy for West Grantham Academy Trust Limited which C J Robinson and S Mitchell are also trustees. The charge for the consultancy fees during the year are £157,166 (2015: £19,280) and the amount owed to Mowbray Education Trust Limited at the year ended was £11,274 (2015: £16,414).

Also certain trustees' remuneration and expenses are already disclosed in note 11. Key Management Personnel disclosures are included in note 10.

26 Post balance sheet events

Mowbray Education Trust has agreed to take over the running of Oasis Family Centre, a pre-school setting in Melton Mowbray, once the appropriate registration is received from Ofsted.

Sherard Primary School, in Melton Mowbray, has formally requested to convert to an Academy and to join the Mowbray Education Trust.

27 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	20,338,458	20,568,216

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

27 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income as reported under previous UK GAAP		305,758
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	a)	<u>(39,000)</u>
Net income reported under FRS 102		<u><u>266,758</u></u>

Notes to reconciliations on adoption of FRS 102

a) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense by £39,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MOWBRAY EDUCATION TRUST LIMITED AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 3 October 2016 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mowbray Education Trust Limited during the period 1 September 2015 to 31 August 2016 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 Mowbray Education Trust Limited and the EFA in accordance with the terms of our engagement letter dated 3 October 2016. Our work has been undertaken so that we might state to the Mowbray Education Trust Limited and the EFA 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 the Mowbray Education Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Mowbray Education Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Mowbray Education Trust Limited's funding agreement with the Secretary of State for Education dated 24 January 2013 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015/6 issued by the EFA. 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO MOWBRAY EDUCATION TRUST LIMITED AND THE EDUCATION
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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP

RSM UK Audit LLP

Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SD

Dated: *15/2/16*