

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 2017

MOWBRAY EDUCATION TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

C Godber (Resigned 12 October 2016)
R Roberts (Chair)
E Welsh
C J Robinson (Resigned 17 May 2017)
A C Brewster
D Turrell (Staff Trustee) (Resigned 17 May 2017)
M Bryers (Resigned 12 October 2016)
S Connolly
J Richards (Resigned 22 March 2017)
M Heatlie (Resigned 31 July 2017)
B Maccarthy
P Caulfield (Resigned 20 July 2017)
P Smith (Appointed 1 September 2017)
G Darar (Appointed 1 September 2017)
G Willars (Appointed 1 September 2017)

Members

C Godber
R Roberts
E Welsh
D O'Higgins (appointed May 2017)
J Richards (appointed May 2017)

Senior management team

- Chief Executive Officer C Stansfield (from 1 June 2017)
- 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 of School of John Ferneley College L Hall (from 1 September 2017)
- Head Teacher of Somerby Primary School I Toon (from 1 September 2017)
- Head Teacher of The Grove Primary School S Nash (from 1 September 2017)

Company secretary

D Reed

Company registration number

07796947 (England and Wales)

Registered office

Scalford Road
Melton Mowbray
Leicestershire
LE13 1LH

MOWBRAY EDUCATION TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated	Location	Head Teacher
AB Kettleby Community Primary School	Melton Mowbray	I Toon
Brownlow Primary School	Melton Mowbray	D Turrell
John Ferneley College	Melton Mowbray	C Stansfield
Somerby Primary School	Melton Mowbray	I Toon
The Grove Primary School	Melton Mowbray	S Nash
 Independent auditor	 RSM UK Audit LLP Rivermead House 7 Lewis Court Grove Park Leicester 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 2017. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

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 Trustees of the charitable company for the purposes of company law. The charitable company is known as Mowbray Education Trust.

The Trust comprises 1 secondary school and 4 primary schools in Melton Mowbray, 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

The Academies have a combined pupil capacity of 2,202 and had a roll of 2,053 at 31 August 2017.

No schools joined the Trust in the year to 31 August 2017. Sherard Primary School joined the Trust in October 2017, and the subsidiary company of the Trust took over the running of Oasis Family Centre, pre school on 1 September 2017. 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 13 for further details.

Method of recruitment and appointment or election of Trustees

The Articles of Association were reviewed and revised in the year. They prescribe the following rules for appointment to the Board of Trustees:

- The Members may appoint up to 10 Trustees / Trustees
- The Trustees may appoint up to 3 Trustees / Trustees
- A minimum of 2 Parent Trustees elected or appointed in the event that no Local Governing Bodies are established or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body

All Trustees / Trustees have a term of office of 4 years. 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 Trustees retains the legal responsibility for all operations of the schools however an agreed Scheme of Delegation is in place with all member schools. This Scheme of Delegation identifies what powers are delegated to the Local Governing Bodies and the Head Teachers of each school. The Trustees are listed on page 1. There are 5 Members of the limited liability company, a majority of whom are not Trustees and are separately identified on page 1.

The Scheme of Delegation operates to ensure that accountability and ability to effect change for the benefit of our children is continually monitored and evaluated.

The CEO of the Trust holds the position of Accounting Officer and her 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 reviewed regularly 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 underpins 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 remuneration of the CEO is set by the Board. 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 were trustees for part of the year, 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").

Objectives, strategies and activities

The Trust is focussed on providing a high quality and effective 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.

The Trust reviewed its strategy during the year and centred its focus on school improvement aiming to improve the life chances and educational progress of all its students in the short and medium term.

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

2016-17 was a year in which the Trust continued to be the leading provider of education in the town of Melton Mowbray.

It was also a year of change when Christine Stansfield, the Headteacher of John Ferneley College was appointed as CEO, following the retirement of the former CEO, Chris Robinson. This transition led to the Board reconsidering its strategy to focus entirely on improving the performance of the schools in the Trust. The Trust Board acknowledged that future growth of the Trust would flow from improving the performance of the schools in the Trust right now.

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

There were a number of inspections of our schools by Ofsted during the year, and all but one were Good. It is the intention of the Trust that every child has access to at least a Good education, and everybody is committed to ensuring that this is the case.

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 2017. 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 2017 the Trust had £798,893 (2016: £984,400) in cash, with a reported deficit before depreciation of £290,990 (2016: £17,572).

Financial and risk management objectives and policies

The Trustees take seriously their responsibility to manage all risks pertaining to the organisation to safeguard the future security of the Trust. To this end the Trustees 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 Trustees. It is the Trustees' 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 Trustees' 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 Trustees 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 Trustees 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 Trustees when reviewing applications for use of reserves.

At all times the Trustees 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 in this report, has plans to ensure the stability 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.

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 Board has a programme of review of the Risk Register, and ensures that appropriate actions are taken.

The Funding Agreement confirms a 7 year rolling cycle, giving the Trustees 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.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

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.

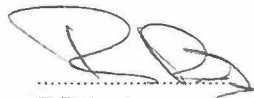
AUDITOR

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 on 13.12.17 and signed on its behalf by:



R Roberts
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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
C Godber (Resigned 12 October 2016)	1	2
R Roberts (Chair)	7	7
E Welsh	6	7
C J Robinson (Resigned 17 May 2017)	5	6
A C Brewster	7	7
D Turrell (Staff Trustee) (Resigned 17 May 2017)	6	6
M Bryers (Resigned 12 October 2016)	0	2
S Connolly	7	7
J Richards (Resigned 22 March 2017)	3	4
M Heatlie (Resigned 31 July 2017)	4	7
B Maccarthy	5	7
P Caulfield (Resigned 20 July 2017)	3	7
P Smith (Appointed 1 September 2017)	0	0
G Darar (Appointed 1 September 2017)	0	0
G Willars (Appointed 1 September 2017)	0	0

The Board has acted resolutely throughout the period and has overseen some very large changes to the structure of the organisation.

Governance reviews

The Trust Board regularly reviews its performance. As part of the restructure of the governance model during the year the revised Scheme of Delegation was introduced, and the Trust is moving towards utilising a programme for continual self review.

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

There have been 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 Trustees, 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. Given the now reduced size of the Board, and the new Scheme of Delegation the Nominations and Remunerations Committee ceased to exist with effect from 1 September 2017.

Attendance during the year at the two sub-committees were as follows:

Trustees	Meetings attended	Out of possible
R Roberts (Chair)	4	4
E Welsh	2	3
C J Robinson (Resigned 17 May 2017)	4	6
A C Brewster	1	2
S Connolly	1	2
J Richards (Resigned 22 March 2017)	3	3
M Heatlie (Resigned 31 July 2017)	6	6

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 community 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 its students and their achievements. It understands that it has a wider role to play than providing a route to secure qualifications, but also 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 the group of schools.

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

Education Delivery

The Trust is committed to raising attainment standards and continuously improving educational results.

The Trust has implemented a model of assertive tracking and Quality Assurance that is adding value to our schools. It allows the monitoring of the progress of each student, across all areas of the curriculum. The staffing structure is under continuous review, and a wide range of excellent staff is employed, focussed on encouraging teachers with the expertise to drive enhancement of the curriculum.

The school sites are of key importance to education as a whole and the Trust ensures 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 the schools, which aids the ability to deliver outstanding teaching.

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 continued downward pressure on to the figure of 4.2% 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 mindful 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 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 considers 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.

New financial regulations were reviewed and introduced during the year.

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 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy 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 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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:

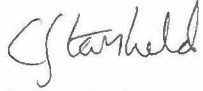
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 13-12-17 and signed on its behalf by:



C Stansfield
CEO and Accounting Officer



R Roberts
Chair

MOWBRAY EDUCATION TRUST LIMITED

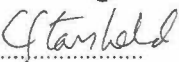
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Mowbray Education Trust Limited I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust'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 2016.

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

C Stansfield
Accounting Officer


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13-12-17.

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of 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 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 13-12-17 and signed on its behalf by:



R Roberts
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOWBRAY EDUCATION TRUST LIMITED

Opinion on financial statements

We have audited the financial statements of Mowbray Education Trust Limited (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOWBRAY EDUCATION TRUST LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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
Leicester
Leicestershire, LE19 1SD
...14/12/17

MOWBRAY EDUCATION TRUST LIMITED

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

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	4	1,728	-	48,682	50,410	60,398
Charitable activities:						
- Funding for educational operations	5	-	9,439,487	-	9,439,487	9,466,732
Other trading activities	6	529,628	-	-	529,628	562,025
Investments	7	2,103	-	-	2,103	5,524
Total		533,459	9,439,487	48,682	10,021,628	10,094,679
Expenditure on:						
Raising funds	8	210,159	-	-	210,159	238,871
Charitable activities:						
- Educational operations	9	-	10,102,459	508,140	10,610,599	10,346,199
Total	8	210,159	10,102,459	508,140	10,820,758	10,585,070
Net income/(expenditure)		323,300	(662,972)	(459,458)	(799,130)	(490,391)
Transfers between funds		(449,904)	319,972	129,932	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,009,000	-	1,009,000	(893,000)
Net movement in funds		(126,604)	666,000	(329,526)	209,870	(1,383,391)
Reconciliation of funds						
Total funds brought forward		454,473	(3,887,000)	22,617,352	19,184,825	20,568,216
Total funds carried forward		327,869	(3,221,000)	22,287,826	19,394,695	19,184,825

MOWBRAY EDUCATION TRUST LIMITED**BALANCE SHEET****AS AT 31 AUGUST 2017**

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	14		22,287,826		22,617,352
Current assets					
Debtors	15	304,251		293,654	
Cash at bank and in hand		798,893		984,400	
			1,103,144		1,278,054
Current liabilities					
Creditors: amounts falling due within one year	16	(775,275)		(823,581)	
Net current assets			327,869		454,473
Net assets excluding pension liability			22,615,695		23,071,825
Defined benefit pension scheme liability	24		(3,221,000)		(3,887,000)
Net assets			19,394,695		19,184,825
Funds of the Academy Trust:					
Restricted funds	18				
- Restricted fixed asset funds			22,287,826		22,617,352
- Pension reserve			(3,221,000)		(3,887,000)
Total restricted funds			19,066,826		18,730,352
Unrestricted income funds	18		327,869		454,473
Total funds			19,394,695		19,184,825

The financial statements on pages 18 to 41 were approved by the Board of Trustees and authorised for issue on 13.12.17 and are signed on their behalf by:



R Roberts
Chair

MOWBRAY EDUCATION TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash used in operating activities	23		(57,678)		(222,113)
Cash flows from investing activities					
Dividends, interest and rents from investments		2,103		5,524	
Capital grants from DfE and ESFA		48,682		48,406	
Purchase of tangible fixed assets		(178,614)		(84,908)	
Net cash used in investing activities			<u>(127,829)</u>		<u>(30,978)</u>
Net decrease in cash and cash equivalents in the reporting period			(185,507)		(253,091)
Cash and cash equivalents at beginning of the year			984,400		1,237,491
Cash and cash equivalents at end of the year			<u>798,893</u>		<u>984,400</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

General information

Mowbray Education Trust Limited is a charitable company (the 'Academy Trust'). 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

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

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

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.

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

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

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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 fixed assets

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 is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

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.

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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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 of 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.

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's 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 agreement 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 2017

1 Accounting policies (Continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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.

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 reporting 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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency 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 and employee or to provide termination benefits.

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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to Statement of Financial Activities 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 2017

3 Comparative year information

Year ended 31 August 2016	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:				
Donations and capital grants	11,992	-	48,406	60,398
Charitable activities:				
- Funding for educational operations	-	9,466,732	-	9,466,732
Other trading activities	562,025	-	-	562,025
Investments	5,524	-	-	5,524
Total	579,541	9,466,732	48,406	10,094,679
Expenditure on:				
Raising funds	238,871	-	-	238,871
Charitable activities:				
- Educational operations	-	9,873,380	472,819	10,346,199
Total	238,871	9,873,380	472,819	10,585,070
Net income/(expenditure)	340,670	(406,648)	(424,413)	(490,391)
Transfers between funds	(265,150)	228,648	36,502	-
Other recognised gains/(losses)				
Actuarial losses on defined benefit pension schemes	-	(893,000)	-	(893,000)
Net movement in funds	75,520	(1,071,000)	(387,911)	(1,383,391)

4 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	48,682	48,682	48,406
Other donations	1,728	-	1,728	11,992
	1,728	48,682	50,410	60,398

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	8,518,290	8,518,290	8,558,184
Other DfE / ESFA grants	-	713,976	713,976	686,049
	-	9,232,266	9,232,266	9,244,233
Other government grants				
Local authority grants	-	38,477	38,477	20,556
Special educational projects	-	168,744	168,744	201,943
	-	207,221	207,221	222,499
	-	9,439,487	9,439,487	9,466,732

6 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	44,957	-	44,957	40,310
Academy trips	192,655	-	192,655	224,657
Other income	292,016	-	292,016	297,058
	529,628	-	529,628	562,025

7 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Interest from short term deposits	2,103	-	2,103	5,524

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2017	2016
	£	£	£	£	£
Expenditure on raising funds	-	-	210,159	210,159	238,871
Academy's educational operations					
- Direct costs	6,543,532	-	553,482	7,097,014	7,126,597
- Allocated support costs	1,618,677	1,238,357	656,551	3,513,585	3,219,602
Total support costs	8,162,209	1,238,357	1,420,192	10,820,758	10,585,070

Net income/(expenditure) for the year includes:

	2017	2016
	£	£
Operating lease rentals	160,951	110,634
Depreciation of tangible fixed assets	508,140	472,819
Net interest on defined benefit pension liability	80,000	106,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	17,300	17,000
- Other services	6,950	6,614

9 Charitable activities

	2017	2016
	£	£
All from restricted funds:		
Direct costs - educational operations	7,097,014	7,126,597
Support costs - educational operations	3,513,585	3,219,602
	10,610,599	10,346,199

	2017	2016
	£	£
Analysis of support costs		
Support staff costs	1,618,677	1,264,137
Depreciation and amortisation	508,140	472,819
Premises costs	617,705	559,032
Other support costs	745,361	867,500
Governance costs	23,702	56,114
	3,513,585	3,219,602

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Staff

Staff costs

Staff costs during the year were:

	2017	2016
	£	£
Wages and salaries	6,113,588	5,909,262
Social security costs	559,183	451,411
Operating costs of defined benefit pension schemes	1,254,797	1,013,738
	<u>7,927,568</u>	<u>7,374,411</u>
Total staff costs	7,927,568	7,374,411
Supply staff costs	160,746	177,062
Staff restructuring costs	42	3,283
Staff development and other staff costs	73,853	114,666
	<u>8,162,209</u>	<u>7,669,422</u>

Staff numbers

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

	2017	2016
	Number	Number
Teachers	181	206
Administration and support	135	120
Management	7	7
	<u>323</u>	<u>333</u>

Higher paid staff

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

	2017	2016
	Number	Number
£60,001 - £70,000	1	2
£70,001 - £80,000	1	2
£80,001 - £90,000	2	-
£90,001 - £100,000	1	1
£120,001 - £130,000	-	1
£160,001 - £170,000	1	-
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust was £818,798 (2016: £646,885).

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

11 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:

	2017	2016
	£	£
Ab Kettleby Community Primary School	17,235	15,113
Brownlow Primary School	102,113	105,589
John Ferneley College	347,205	288,062
Somerby Primary School	14,623	19,908
Mowbray Education Trust	130,928	122,907
The Grove Primary School	66,280	64,028
	<u>678,384</u>	<u>615,607</u>

12 Trustees' remuneration and expenses

Two of the Trustees have been paid remuneration or have 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 (former CEO and former Accounting Officer) received remuneration of £162,488 (2016: £118,990), other benefits of £nil (2016: £2,093) were paid in the year and pension contributions paid by the Academy Trust in the year of £nil (2016: £nil). C J Robinson resigned from the Trust Board on 17 May 2017.

D Turrell (staff trustee) received remuneration of £80,115 (2016: £76,814). The staff trustee is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £13,203 (2016: £12,659). The staff trustee resigned from the Trust Board on 17 May 2017.

During the year ended 31 August 2017, two (2016: three) trustees received travel expenses amounting to £2,249 (2016: £4,414).

Other related party transactions involving the trustees are set out in note 26.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 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 2017 was £2,530 (2016: £2,519).

14 Tangible fixed assets

	Long leasehold buildings	Computer equipment	Fixtures and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2016	24,162,030	648,107	329,156	30,375	25,169,668
Additions	-	35,866	138,870	3,878	178,614
Disposals	-	(585,485)	-	(7,098)	(592,583)
At 31 August 2017	24,162,030	98,488	468,026	27,155	24,755,699
Depreciation					
At 1 September 2016	1,830,175	601,189	105,649	15,303	2,552,316
On disposals	-	(585,485)	-	(7,098)	(592,583)
Charge for the year	407,952	27,575	65,448	7,165	508,140
At 31 August 2017	2,238,127	43,279	171,097	15,370	2,467,873
Net book value					
At 31 August 2017	21,923,903	55,209	296,929	11,785	22,287,826
At 31 August 2016	22,331,855	46,918	223,507	15,072	22,617,352

15 Debtors

	2017	2016
	£	£
Trade debtors	7,324	19,308
VAT recoverable	49,485	92,820
Other debtors	19,150	3,541
Prepayments and accrued income	228,292	177,985
	304,251	293,654

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	340,994	455,950
Other taxation and social security	141,089	126,924
Other creditors	124,184	117,874
Accruals and deferred income (see note 17)	169,008	122,833
	<u>775,275</u>	<u>823,581</u>
	<u><u>775,275</u></u>	<u><u>823,581</u></u>
17 Deferred income	2017	2016
	£	£
Deferred income is included within:		
Creditors due within one year	138,221	22,177
	<u>138,221</u>	<u>22,177</u>
	<u><u>138,221</u></u>	<u><u>22,177</u></u>
Deferred income at 1 September 2016	22,177	48,410
Released from previous years	(22,177)	(48,410)
Amounts deferred in the year	138,221	22,177
	<u>138,221</u>	<u>22,177</u>
Deferred income at 31 August 2017	138,221	22,177
	<u><u>138,221</u></u>	<u><u>22,177</u></u>

Deferred income of £68,221 (2016: £22,177) relates to trip money paid in advance by parents for events occurring in the year ended 31 August 2018 and £70,000 (2016: £nil) relates to school improvement grant.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	-	8,518,290	(8,838,262)	319,972	-
Other DfE / ESFA grants	-	713,976	(713,976)	-	-
Other government grants	-	207,221	(207,221)	-	-
Pension reserve	(3,887,000)	-	(343,000)	1,009,000	(3,221,000)
	<u>(3,887,000)</u>	<u>9,439,487</u>	<u>(10,102,459)</u>	<u>1,328,972</u>	<u>(3,221,000)</u>
Restricted fixed asset funds					
Transferred on conversion	22,301,951	-	(410,280)	-	21,891,671
DfE / ESFA capital grants	155,235	48,682	(52,150)	-	151,767
Capital expenditure from GAG	160,166	-	(45,710)	129,932	244,388
	<u>22,617,352</u>	<u>48,682</u>	<u>(508,140)</u>	<u>129,932</u>	<u>22,287,826</u>
Total restricted funds	<u>18,730,352</u>	<u>9,488,169</u>	<u>(10,610,599)</u>	<u>1,458,904</u>	<u>19,066,826</u>
Unrestricted funds					
General funds	454,473	533,459	(210,159)	(449,904)	327,869
	<u>454,473</u>	<u>533,459</u>	<u>(210,159)</u>	<u>(449,904)</u>	<u>327,869</u>
Total funds	<u>19,184,825</u>	<u>10,021,628</u>	<u>(10,820,758)</u>	<u>1,009,000</u>	<u>19,394,695</u>

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 2017.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds (Continued)

Funds prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	-	8,558,184	(8,786,832)	228,648	-
Other DfE / ESFA grants	-	686,049	(686,049)	-	-
Other government grants	-	222,499	(222,499)	-	-
Pension reserve	(2,816,000)	-	(178,000)	(893,000)	(3,887,000)
	<u>(2,816,000)</u>	<u>9,466,732</u>	<u>(9,873,380)</u>	<u>(664,352)</u>	<u>(3,887,000)</u>
Restricted fixed asset funds					
Transferred on conversion	22,718,904	-	(416,953)	-	22,301,951
DfE / ESFA capital grants	144,330	48,406	(37,501)	-	155,235
Capital expenditure from GAG	142,029	-	(18,365)	36,502	160,166
	<u>23,005,263</u>	<u>48,406</u>	<u>(472,819)</u>	<u>36,502</u>	<u>22,617,352</u>
Total restricted funds	<u>20,189,263</u>	<u>9,515,138</u>	<u>(10,346,199)</u>	<u>(627,850)</u>	<u>18,730,352</u>
Unrestricted funds					
General funds	378,953	579,541	(238,871)	(265,150)	454,473
Total funds	<u>20,568,216</u>	<u>10,094,679</u>	<u>(10,585,070)</u>	<u>(893,000)</u>	<u>19,184,825</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds (Continued)

Total funds analysis by academy

Fund balances at 31 August were allocated as follows:	Total 2017 £	Total 2016 £
Ab Kettleby Community Primary School	(12,186)	(21,017)
Brownlow Primary School	129,618	162,195
John Ferneley College	123,633	98,618
Somerby Primary School	32,886	40,947
Mowbray Education Trust	-	122,811
The Grove Primary School	53,918	50,919
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	327,869	454,473
Restricted fixed asset fund	22,287,826	22,617,352
Pension reserve	(3,221,000)	(3,887,000)
	<hr/>	<hr/>
Total funds	19,394,695	19,184,825
	<hr/> <hr/>	<hr/> <hr/>

The deficit within Ab Kettleby Community Primary School has arisen as a result of investment in the IT infrastructure during the previous 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 was realised in 2016-17, and the Board are confident that the school will continue to reduce this deficit.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds (Continued)

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 2017 £	Total 2016 £
Ab Kettleby Community Primary School	258,528	38,199	9,898	63,076	369,701	363,294
Brownlow Primary School	1,682,395	157,268	72,112	343,851	2,255,626	2,292,511
John Ferneley College	3,522,682	509,697	168,591	887,686	5,088,656	5,177,538
Somerby Primary School	221,919	18,587	25,316	49,368	315,190	254,534
Mowbray Education Trust	-	576,804	2,025	254,220	833,049	829,867
The Grove Primary School	796,122	117,008	25,628	168,638	1,107,396	1,194,507
	<u>6,481,646</u>	<u>1,417,563</u>	<u>303,570</u>	<u>1,766,839</u>	<u>9,969,618</u>	<u>10,112,251</u>

19 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	98,781	22,849
Carrying amount of financial liabilities		
Measured at amortised cost	495,965	674,480

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	22,287,826	22,287,826
Current assets	327,869	775,275	-	1,103,144
Creditors falling due within one year	-	(775,275)	-	(775,275)
Defined benefit pension scheme liability	-	(3,221,000)	-	(3,221,000)
Total net assets	327,869	(3,221,000)	22,287,826	19,394,695
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 scheme liability	-	(3,887,000)	-	(3,887,000)
Total net assets	454,473	(3,887,000)	22,617,352	19,184,825

21 Commitments under operating leases

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

	2017 £	2016 £
Amounts due within one year	112,513	165,008
Amounts due between one and five years	85,853	138,480
	198,366	303,488

22 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. At 31 August 2017, the capital and reserves of Mowbray Education Trust Services Limited was £1.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

23 Reconciliation of net expenditure to net cash flow from operating activities	2017	2016
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(799,130)	(490,391)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(48,682)	(48,406)
Interest receivable	(2,103)	(5,524)
Defined benefit pension scheme cost less contributions payable	263,000	72,000
Defined benefit pension scheme finance cost	80,000	106,000
Depreciation of tangible fixed assets	508,140	472,819
Movements in working capital:		
(Increase)/decrease in debtors	(10,597)	425,793
(Decrease) in creditors	(48,306)	(754,404)
Net cash used in operating activities	<u>(57,678)</u>	<u>(222,113)</u>

24 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016.

Contributions amounting to £124,184 (2016: £112,044) were payable to the schemes at 31 August 2017 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

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

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Pension and similar obligations (Continued)

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%.

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £627,808 (2016: £606,440).

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

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 22.39% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £416,000.

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	2017 £	2016 £
Employer's contributions	383,000	339,000
Employees' contributions	106,000	98,000
Total contributions	<u>489,000</u>	<u>437,000</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2017 by a qualified independent actuary.

	2017 %	2016 %
Rate of increases in salaries	3.4	3.1
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	<u>2.5</u>	<u>2.0</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

24 Pension and similar obligations (Continued)

The assumed life expectations on retirement age 65 are:

	2017 Years	2016 Years
Retiring today		
- Males	22.1	22.2
- Females	24.3	24.3
Retiring in 20 years		
- Males	23.8	24.2
- Females	26.2	26.6

The Academy Trust's share of the assets in the scheme

	2017 Fair value £	2016 Fair value £
Equities	2,892,000	2,506,000
Bonds	863,000	627,000
Property	345,000	313,000
Other assets	216,000	35,000
Total fair value of assets	4,316,000	3,481,000

The actual return on scheme assets was £404,000 (2016: £579,000).

Amount recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	646,000	411,000
Net interest cost	80,000	106,000
Total operating charge	726,000	517,000

Changes in the present value of defined benefit obligations

	2017 £
At 1 September 2016	7,368,000
Current service cost	646,000
Interest cost	154,000
Employee contributions	106,000
Actuarial gain	(679,000)
Benefits paid	(58,000)
At 31 August 2017	7,537,000

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

24 Pension and similar obligations (Continued)

Changes in the fair value of the Academy Trust's share of scheme assets	2017 £
At 1 September 2016	3,481,000
Interest income	74,000
Return on plan assets (excluding net interest on the net defined pension liability)	330,000
Employer contributions	383,000
Employee contributions	106,000
Benefits paid	(58,000)
	<hr/>
At 31 August 2017	4,316,000
	<hr/> <hr/>

25 Members' liability

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

26 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 for which C J Robinson and S Mitchell have acted as trustees during the year. The charge for the consultancy fees during the year are £248,929 (2016: £157,166) and the amount owed to Mowbray Education Trust Limited at the year ended was £26,574 (2016: £11,274).

Also certain trustees' remuneration and expenses are already disclosed in note 12. Key Management Personnel disclosures are included in note 10.

27 Post balance sheet events

On 1 September 2017, Mowbray Education Trust Services Limited took over the running of Oasis Family Centre, a pre-school. All operations, assets and liabilities were transferred for nil consideration.

On 1 October 2017, Sherard Primary School converted to Academy Trust status under Academies Act 2010 and all the operations, assets and liabilities were transferred to Mowbray Education Trust from Leicestershire Country Council local authority for nil consideration.

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 3 October 2016 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by Mowbray Education Trust Limited during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of Mowbray Education Trust Limited in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Mowbray Education Trust Limited's accounting officer and Trustees

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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Mowbray Education Trust Limited and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2016 to 31 August 2017 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to Mowbray Education Trust Limited and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Mowbray Education Trust Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Chartered accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

Dated: 14/12/17