

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 2019

MOWBRAY EDUCATION TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Members

C Godber
R Roberts (resigned 31 December 2018)
E Welsh
D O'Higgins
J Richards (resigned 17 July 2019)
D Reed (appointed 1 January 2019)
T Wright (appointed 1 November 2019)

Trustees

D Richardson-Walsh (appointed 12 September 2018, appointed Chair 1 September 2019)
R Roberts (Chair) (resigned 31 August 2019)
E Welsh (resigned 21 October 2019)
A C Brewster
S Connolly (tenure ended 31 July 2019)
B MacCarthy
P Smith
G Darar (resigned 23 January 2019)
G Willars (resigned 30 April 2019)
N Watchorn (resigned 1 March 2019)
D Warden (appointed 1 April 2019)
M Chadwick (appointed 1 January 2019)
S Gant (appointed 5 September 2019)
W Hickling (appointed 5 September 2019)

Senior management team

- Chief Executive Officer
- Chief Financial Officer
- Head Teacher of Ab Kettleby Community Primary School
- Head Teacher of Brownlow Primary School
- Head of School of Brownlow Primary School
- Head Teacher of John Ferneley College
- Head of School of John Ferneley College
- Head Teacher of Somerby Primary School
- Head Teacher of The Grove Primary School
- Head Teacher of Sherard Primary School

C Stansfield
S Cooke

S Nash from 21 October 2019 previously I Toon
D Turrell
I Toon from 21 October 2019
C Stansfield
L Hall
S Nash from 21 October 2019 previously I Toon
H Cheeseman from 21 October 2019 previously S Nash
G Bacon

Company secretary

R Middleton from 1 January 2019 previously D Reed

Company registration number

07796947 (England and Wales)

Registered office

Scaford Road
Melton Mowbray
Leicestershire
LE13 1LH

Academies operated

Ab Kettleby School
Brownlow Primary School
John Ferneley College
Somerby Primary School
The Grove Primary School
Sherard Primary School

Location

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

Head Teacher

S Nash from 21 October 2019 previously I Toon
D Turrell
C Stansfield
S Nash from 21 October 2019 previously I Toon
H Cheeseman from 21 October 2019 previous S Nash
G Bacon

MOWBRAY EDUCATION TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Independent auditor

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

Bankers

HSBC Bank Plc
17 High Street
Melton Mowbray
Leicestershire
LE13 0TY

Solicitors

Leicestershire County Council Legal Services
County Hall
Glenfield
Leicester
LE3 8RA

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's reports of the group for the year ended 31 August 2019. 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 directors 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 5 primary schools in Melton Mowbray, and includes the operations of the following schools:

- Ab Kettleby School
- Brownlow Primary School
- The Grove Primary School
- John Femeley College
- Sherard Primary School
- Somerby Primary School

The subsidiary company of the Trust comprises of 1 pre-school:

- Oasis Pre-School

The Academies have a combined pupil capacity of 2,400 and had a roll of 2,312 at 31 August 2019.

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 prescribe the following rules for appointment to the Board of Trustees:

- Article 45 - The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
- Article 50B - The total number of Trustees [including the Chief Executive Officer if they so choose to act as Trustee under Article [57]] who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.
- Article 53 - 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.
- The Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees [including the Chief Executive Officer to the extent he or she is a Trustee].

All Trustees have a term of office of 4 years. Any Director/Trustee can be re-elected or re-appointed.

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.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

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 which powers are delegated to the Local Governing Bodies and the Head Teachers of each school. The Trustees are listed on page 1. There are 4 Members of the limited liability company, none of whom are Trustees, 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 the 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. Trustees are subject to the stipulations outlined in the Payments to Trustees Policy, approved in July 2019.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.8

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility	£0
Provide the total pay bill	£10,018,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time/total pay bill x 100	0%

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

Trade Union Facility Time (continued) Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100	0
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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

2018-19 was a strong year for the Trust where it saw a continued focus on school improvement and a focus on delivering improvements within increasingly tight budgets.

This was the second year of the implementation of the strategic school improvement focus across the trust, with the introduction of a wide ranging and highly effective training and development programme. It also saw the school improvement team take an increasing role in supporting the wider system through delivery for local teaching school alliances and school to school support.

This year also saw the development of trust wide, collaborative teams focussing on supporting Special Educational Needs across the group.

There is a rapidly increasing collaboration across all the schools in the trust and a deepening understanding of the effectiveness of the schools.

The progress outcomes of the schools were strong and demonstrate the impact of this work.

Financial review

This set of accounts lays out the financial performance for the Group for the year ended 31 August 2019. 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.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

Financial review (continued)

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 2019 the Trust had £1,395,931 (2018: £1,202,345) in cash, with a reported surplus before depreciation of £21,000 (2018: £799,804).

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 Chief Financial Officer and through oversight by the Finance and Audit Committee. The Board has 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 month's 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.

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.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

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.

Plans for future periods

The Trust will continue to develop its school improvement offer and build its programme around the needs of its schools. It will also increase opportunities for schools outside the partnership to benefit from training and development opportunities, specifically in relation to the curriculum. It is developing curriculum leadership strength so that there is increasing collaboration to develop mastery across the foundation subjects.

Principal risks and uncertainties

The charity Trustees have considered the major risks to which the Academy Trust 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 due to a fall in student numbers;
- c) safeguarding issues; and
- d) falling foul of the Regulator.

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.

FUNDRAISING

Any fundraising activities undertaken by the school in the Trust comply with the requirements of the Charities (Protection and Social Investments) Act 2016.

Fundraising is not part of our business and is incidental to the main charitable objectives. Commercial participated professional fundraisers are not used. Any funds collected from the public for charitable causes are held on the Balance Sheet as "other creditors" until they are passed over to the relevant charity. No fundraising income is included within the income of the Trust shown in the Statement of Financial Activities.

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.

MOWBRAY EDUCATION TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)

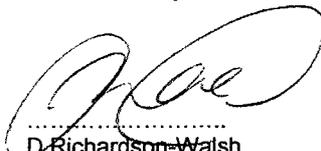
AUDITOR

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 11 December 2019 and signed on its behalf by:



.....
D Richardson-Walsh
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 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
R Roberts (Chair) (resigned 31 August 2019)	8	8
E Welsh (resigned 21 October 2019)	5	8
A C Brewster	7	8
S Connolly (resigned 31 July 2019)	7	8
B MacCarthy	3	8
P Smith	4	8
G Darar (resigned 23 January 2019)	1	3
G Willars (resigned 30 April 2019)	4	6
N Watchorn (appointed 1 March 2019)	3	4
D Warden (appointed 1 April 2019)	4	4
D Richardson-Walsh (appointed 12 September 2018)	7	8
M Chadwick (appointed 1 January 2019)	4	5

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.

There is one sub-committee of the Board. The Finance and Audit Committee reviews all aspects of finance and risk pertaining to the organisation, it is also responsible for approving changes in remuneration structures for senior management, approving organisational wide pay adjustments and changes to pay policies enacted in the schools. A further sub-committee of the Board is planned for the following year – The Remuneration Committee.

Attendance during the year at the Finance and Audit Committee was as follows:

Trustees	Meetings attended	Out of possible
R Roberts (resigned 31 August 2019)	6	6
E Welsh (resigned 21 October 2019)	5	6
P Smith (Chair)	4	6
S Connolly (resigned 31 July 2019)	0	6
G Darar (resigned 23 January 2019)	2	3

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

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.

Education delivery

The Trust is committed to improving the life chances of all of the young people in its schools and works increasingly closely with school leaders to bring this about.

It monitors progress and outcomes closely through a shared tracking system and uses this data to deploy the school improvement team strategically to improve progress. The staffing structure is regularly reviewed to ensure that it is fit for purpose and delivers best value for money. It is also used to ensure that budgets are balanced. The Trust also monitors levels of staff absences across the trust to ensure that attendance is strong.

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 have made significant investment in developing our own extremely high quality CPD programme, and resources to drive up the levels of outstanding teaching across all of our schools.

Our activities are having a quantifiable effect. Our self-evaluation demonstrates that schools are improving over time. Recent Ofsted inspections ratify this with 100% of reports demonstrating improvement in settings as a result of the trust's work. 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.

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 Finance and Audit Committee that oversees the financial activities of the Trust and that challenges the Executive Team 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 SLTs 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 Finance and 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 financial regulations were reviewed during the year.

MOWBRAY EDUCATION TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

Financial Governance and Oversight (continued)

Management accounts are produced monthly and shared with senior staff throughout the Trust as well as the Finance and 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.

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 2019 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 2019 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.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and 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 11 December 2019 and signed on its behalf by:



C Stansfield
CEO and Accounting Officer



D Richardson-Walsh
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 all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

I confirm that no instances of material irregular, 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 on the Board of Trustees and ESFA.



C Stansfield
Accounting Officer

Date: 11 December 2019

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 2018 to 2019;
- 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 group and the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the charitable company and hence the 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 the order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:



D Richardson-Walsh
Chair of Trustees

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

Opinion

We have audited the financial statements of Mowbray Education Trust Limited (the "parent charitable company") and its subsidiary (the "group") for the year ended 31 August 2019 which comprise the Group Statement of Financial Activities, the Group and Academy Trust Balance Sheets, the Group 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 2018 to 2019 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 group's and the parent charitable company's affairs as at 31 August 2019 and of the group's 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 2018 to 2019 issued by the Education 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 group's or the parent 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 Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the 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.

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

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 which includes the Directors' Report and the Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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 parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 13, the Trustees (who act as trustees for the charitable activities of the charitable company, 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent 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 group or the parent charitable company or to cease operations, or have not 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 concluded 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.

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

Use of our 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

12/12/19

MOWBRAY EDUCATION TRUST LIMITED

**GROUP STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

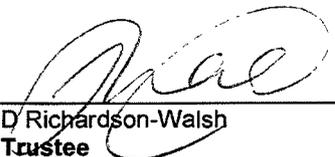
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2019 £'000	Total 2018 £'000
Income from:						
Donations and capital grants	4	21	-	1,720	1,741	274
Donations - transfer from local authority on conversion		-	-	-	-	1,273
Charitable activities:						
- Funding for educational operations	5	-	11,886	-	11,886	11,100
Other trading activities	6	544	-	-	544	542
Investments	7	8	-	-	8	3
Total		573	11,886	1,720	14,179	13,192
Expenditure on:						
Raising funds	8	309	-	-	309	283
Charitable activities:						
- Educational operations	9	2	12,559	1,796	14,357	12,691
Total	8	311	12,559	1,796	14,666	12,974
Net income/(expenditure)		262	(673)	(76)	(487)	218
Transfers between funds	20	(189)	144	45	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(1,824)	-	(1,824)	1,126
Net movement in funds		73	(2,353)	(31)	(2,311)	1,344
Reconciliation of funds						
Total funds brought forward		462	(3,310)	23,587	20,739	19,395
Total funds carried forward		535	(5,663)	23,556	18,428	20,739

MOWBRAY EDUCATION TRUST LIMITED**GROUP BALANCE SHEET****AS AT 31 AUGUST 2019**

	Notes	£'000	2019 £'000	£'000	2018 £'000
Fixed assets					
Tangible assets	14		23,145		23,601
Current assets					
Debtors	15	1,569		520	
Cash at bank and in hand		1,417		1,216	
			<u>2,986</u>	<u>1,736</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(1,912)		(1,288)	
Net current assets			<u>1,074</u>		<u>448</u>
Total assets less current liabilities			<u>24,219</u>		<u>24,049</u>
Creditors: amounts falling due after more than one year	17		(128)		-
Net assets excluding pension liability			<u>24,091</u>		<u>24,049</u>
Defined benefit pension scheme liability	26		(5,663)		(3,310)
Total net assets			<u><u>18,428</u></u>		<u><u>20,739</u></u>
Funds of the Academy Trust:					
Restricted funds	20				
- Restricted fixed asset funds			23,556		23,587
- Pension reserve			(5,663)		(3,310)
Total restricted funds			<u>17,893</u>		<u>20,277</u>
Unrestricted income funds	20		<u>535</u>		<u>462</u>
Total funds			<u><u>18,428</u></u>		<u><u>20,739</u></u>

The financial statements on pages 17 to 46 were approved by the Board of Trustees and authorised for issue on 11 December 2019 and are signed on their behalf by:


 D Richardson-Walsh
 Trustee

MOWBRAY EDUCATION TRUST LIMITED**ACADEMY TRUST BALANCE SHEET****AS AT 31 AUGUST 2019**

	Notes	£'000	2019 £'000	£'000	2018 £'000
Fixed assets					
Tangible assets	14		23,134		23,587
Investments	24		-		-
			<u>23,134</u>		<u>23,587</u>
Current assets					
Debtors	15	1,568		550	
Cash at bank and in hand		1,396		1,202	
		<u>2,964</u>		<u>1,752</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(1,889)		(1,252)	
Net current assets			<u>1,075</u>		<u>500</u>
Total assets less current liabilities			<u>24,209</u>		<u>24,087</u>
Creditors: amounts falling due after more than one year	17		(128)		-
Net assets excluding pension liability			<u>24,081</u>		<u>24,087</u>
Defined benefit pension scheme liability	26		(5,663)		(3,310)
Total net assets			<u>18,418</u>		<u>20,777</u>
Funds of the Academy Trust:					
Restricted funds					
- Restricted fixed asset funds	20		23,556		23,587
- Pension reserve			(5,663)		(3,310)
Total restricted funds			<u>17,893</u>		<u>20,277</u>
Unrestricted income funds	20		525		500
Total funds			<u>18,418</u>		<u>20,777</u>

As a consolidated statement of financial activities is published, a separate statement of financial activities for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. Mowbray Education Trust Limited made a net movement in funds for the year being a deficit of £2,359,000 (2018: £1,382,000 surplus).

The financial statements on pages 17 to 46 were approved by the Board of Trustees and authorised for issue on 11 December 2019 and are signed on their behalf by:



 D Richardson-Walsh
 Trustee

MOWBRAY EDUCATION TRUST LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	£'000	2019 £'000	£'000	2018 £'000
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	25		(364)		277
			<u>(364)</u>		<u>277</u>
Cash flow from investing activities					
Dividends, interest and rents from investments		8		3	
Capital grants from DfE and ESFA		526		57	
Purchase of tangible fixed assets		(103)		(61)	
Cash funds transferred on conversion		-		141	
		<u></u>		<u></u>	
Net cash provided by investing activities			<u>431</u>		<u>140</u>
Cash flow from financing activities					
Proceeds of new loans		134		-	
		<u>134</u>		<u></u>	
			<u>134</u>		<u>-</u>
Net increase in cash and cash equivalents in the reporting period			<u>201</u>		<u>417</u>
Cash and cash equivalents at beginning of the year			1,216		799
Cash and cash equivalents at end of the year			<u>1,417</u>		<u>1,216</u>

MOWBRAY EDUCATION TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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.

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 2018 to 2019 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 principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently, in dealing with items which are considered material in relation to the financial statements, to all years presented, unless otherwise stated.

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 £1,000, except where otherwise indicated.

The charitable company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Academy Trust are consolidated within these financial statements.

Group financial statements

The consolidated financial statements incorporate those of Mowbray Education Trust Limited and its subsidiary for the year. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the assets transferred.

As permitted by Section 408 of the Companies Act 2006, the Academy Trust has not presented its own Statement of Financial Activities as it prepares group accounts and the Academy Trust's individual balance sheet shows the Academy Trust's net movement in funds in the financial year.

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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

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 entitlement, when performance-related conditions have been met and are not deferred over the life of the asset on which they are spent. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund.

Donations

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

Other income

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

Donated fixed assets

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

Expenditure

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

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

All expenditure is 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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

Expenditure (continued)

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of 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 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 reporting date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

Rentals payable under operating leases are charged on a straight-line basis over the lease term.

Investment

The Academy Trust's shareholding in the wholly owned subsidiary, Mowbray Education Trust Services Limited, is initially measured at cost and subsequently measured at cost less any impairment. An assessment for impairment is made at each reporting date.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

Financial instruments

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

Financial assets and liabilities

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

Financial liabilities are classified according to the substances 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 arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows 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.

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teacher's 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 an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, there is insufficient information to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and contributions 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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

Pension benefits (continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 services costs and the costs of the 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 as other recognised gains and losses.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education 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 the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

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

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgement (continued)

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 26, 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 2019. 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. The carrying value of the defined benefit pension scheme liability at the year end was £5,663k.

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. The carrying value of tangible assets at the year end was £23,145k.

Critical areas of judgement

The judgements (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 2019

3. Comparative year information

Year ended 31 August 2018	Unrestricted funds £'000	Restricted General funds £'000	Restricted fixed assets funds £'000	Total 2018 £'000
Income from:				
Donations and capital gains	5	-	269	274
Donations – transfer from local Authority on conversion	141	(666)	1,798	1,273
Charitable activities:				
- Funding for educational operations	-	11,100	-	11,100
Other trading activities	542	-	-	542
Investments	3	-	-	3
Total	<u>691</u>	<u>10,434</u>	<u>2,067</u>	<u>13,192</u>
Expenditure on:				
Raising funds	283	-	-	283
Charitable activities:				
- Educational operations	1	11,922	768	12,691
Total	<u>284</u>	<u>11,922</u>	<u>768</u>	<u>12,974</u>
Net income/(expenditure)	407	(1,488)	1,299	218
Transfer between funds	(273)	273	-	-
Other recognised gains				
Actuarial gains on defined benefit pension schemes	-	1,126	-	1,126
Net movement in funds	<u>134</u>	<u>(89)</u>	<u>1,299</u>	<u>1,344</u>

4. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	1,720	1,720	269
Other donations	21	-	21	5
	<u>21</u>	<u>1,720</u>	<u>1,741</u>	<u>274</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5. Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE/ESFA grants				
General annual grant (GAG)	-	10,248	10,248	9,673
Other DfE/ESFA grants	-	982	982	872
	<u>-</u>	<u>11,230</u>	<u>11,230</u>	<u>10,545</u>
Other government grants				
Local authority grants	-	183	183	225
Special educational projects	-	388	388	330
	<u>-</u>	<u>571</u>	<u>571</u>	<u>555</u>
Other incoming resources	-	85	85	-
	<u>-</u>	<u>11,886</u>	<u>11,886</u>	<u>11,100</u>
6. Other trading activities	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	64	-	64	42
Academy trips	397	-	397	288
Other income	83	-	83	212
	<u>544</u>	<u>-</u>	<u>544</u>	<u>542</u>
7. Investment income	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Interest from short term deposits	8	-	8	3

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8. Expenditure	Staff costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds					
- Direct costs	-	-	309	309	283
Academy's educational operations					
- Direct costs	8,727	-	617	9,344	8,474
- Allocated support costs	1,591	2,450	972	5,013	4,217
Total	10,318	2,450	1,898	14,666	12,974
Net income/(expenditure) for the year includes:				2019 £'000	2018 £'000
Operating lease rentals				127	109
Depreciation of tangible fixed assets				559	545
Loss on disposal of fixed assets				-	1
Net interest on defined benefit pension liability				97	101
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:					
- Audit – statutory audit of parent and consolidation				19	18
- Audit – statutory audit of associates of the company				2	3
- Other assurance services				4	4
- Taxation compliance services				1	1
- Other services				9	9
9. Charitable activities				2019 £'000	2018 £'000
All from restricted funds:					
Direct costs – educational operations				9,344	8,474
Support costs – educational operations				5,013	4,217
				14,357	12,691
Analysis of support costs				2019 £'000	2018 £'000
Support staff costs				1,591	1,789
Depreciation and loss on disposal				559	546
Premises costs				1,891	999
Other support costs				886	829
Governance costs				86	54
				5,013	4,217

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10. **Staff**

Staff costs

Staff costs during the year were:

	2019	2018
	£'000	£'000
Wages and salaries	7,473	6,965
Social security costs	669	615
Operating costs of defined benefit pension schemes	1,772	1,681
	<u>9,914</u>	<u>9,261</u>
Supply staff costs	325	178
Staff restructuring costs	27	56
Staff development and other staff costs	52	58
	<u>10,318</u>	<u>9,553</u>
Staff restructuring costs comprise:		
Redundancy payments	17	40
Severance payments	10	16
	<u>27</u>	<u>56</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £10,333 (2018: £16,099). Individually, the payments were: £4,186 and £6,147.

No specific funding was received or receivable to support the restructuring payments in respect of the current year.

Staff numbers

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

	2019	2018
	Number	Number
Teachers	135	142
Administration and support	218	241
Management	7	8
	<u>360</u>	<u>391</u>

The average number of employees on full time equivalent basis is 244 (2018: 250).

Higher paid staff

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

	2019	2018
	Number	Number
£60,001 - £70,000	5	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u>1</u>	<u>1</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff (continued)

Key management personnel

The key management personnel of the Group comprise the Trustees and the senior management team as listed on page 1 together with the Group Operational Manager. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Group was £708,720 (2018: £742,339).

11. Central services

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

- 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% (5.5% if Ofsted grade requires improvement or 6.5% if in special measures) of grant income for primary schools;
- 6.5% of grant income for secondary schools.

The amounts charged during the year were as follows:

	2019	2018
	£'000	£'000
Ab Kettleby School	18	18
Brownlow Primary School	104	102
John Ferneley College	374	342
Somerby Primary School	15	15
Mowbray Education Trust	-	-
The Grove Primary School	68	71
Sherard Primary School	102	89
	<u>681</u>	<u>637</u>

12. Trustees' remuneration and expenses

No trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust during the current or prior year.

During the year ended 31 August 2019, no trustees received travel expenses (2018: none).

Other related party transactions involving the trustees are set out in note 28.

13. Trustees and officer's 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 2019 was £2,016 (2018: £2,576).

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14. Tangible fixed assets

Group	Long Leasehold Buildings £'000	Computer equipment £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 September 2018	25,960	127	497	27	26,611
Additions	-	56	47	-	103
Disposals	-	(24)	(40)	-	(64)
At 31 August 2019	25,960	159	504	27	26,650
Depreciation					
At 1 September 2018	2,669	74	249	18	3,010
Charge for the year	432	43	81	3	559
On disposals	-	(24)	(40)	-	(64)
At 31 August 2019	3,101	93	290	21	3,505
Net book value					
At 31 August 2019	22,859	66	214	6	23,145
At 31 August 2018	23,291	53	248	9	23,601
Academy Trust					
Cost					
At 1 September 2018	25,960	127	482	27	26,596
Additions	-	56	47	-	103
Disposals	-	(24)	(40)	-	(64)
At 31 August 2019	25,960	159	489	27	26,635
Depreciation					
At 1 September 2018	2,669	74	248	18	3,009
Charge for the year	432	43	78	3	556
On disposals	-	(24)	(40)	-	(64)
At 31 August 2019	3,101	93	286	21	3,501
Net book value					
At 31 August 2019	22,859	66	203	6	23,134
At 31 August 2018	23,291	53	234	9	23,587

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15. Debtors

	Group 2019 £'000	Group 2018 £'000	Academy Trust 2019 £'000	Academy Trust 2018 £'000
Trade debtors	6	7	6	7
VAT recoverable	149	203	149	203
Amount due from group undertaking	-	-	-	31
Other debtors	1	1	1	1
Prepayments and accrued income	1,413	309	1,412	308
	<u>1,569</u>	<u>520</u>	<u>1,568</u>	<u>550</u>

16. Creditors: amounting falling due with one year

	Group 2019 £'000	Group 2018 £'000	Academy Trust 2019 £'000	Academy Trust 2018 £'000
Other loans	6	-	6	-
Trade creditors	1,052	710	1,051	710
Other taxation and social security	160	152	160	152
Other creditors	160	151	160	151
Accruals and deferred income	534	275	512	239
	<u>1,912</u>	<u>1,288</u>	<u>1,889</u>	<u>1,252</u>

17. Creditors: amounts falling due after more than one year

	Group 2019 £'000	Group 2018 £'000	Academy Trust 2019 £'000	Academy Trust 2018 £'000
Other loans	128	-	128	-
Loan maturity				
Debt due in one year or less	6	-	6	-
Due in more than one year but not more than two years	17	-	17	-
Due in more than two years but not more than five years	50	-	50	-
Due in more than five years	61	-	61	-
	<u>134</u>	<u>-</u>	<u>134</u>	<u>-</u>

Included within other loans are various interest free Salix loans. These loans are unsecured and are repayable over 8 years in 6 monthly instalments.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18. Deferred income

	Group 2019 £'000	Group 2018 £'000	Academy Trust 2019 £'000	Academy Trust 2018 £'000
Deferred income is included within:				
Creditors due with one year	107	168	85	132
Deferred income at 1 September 2018	168	138	132	138
Released from previous years	(168)	(138)	(132)	(138)
Amounts deferred in the year	107	168	85	132
Deferred income at 31 August 2019	107	168	85	132

Deferred income of £42,000 (2018: £30,000) relates to trip money paid in advance by parents for events occurring in the year ended 31 August 2020 and government funding of £65,000 (2018: £138,000) received in advance.

19. Financial instruments

	Group 2019 £'000	Group 2018 £'000	Academy Trust 2019 £'000	Academy Trust 2018 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,201	79	1,201	110
Carrying amount of financial liabilities				
Measured at amortised cost	1,773	968	1,772	968

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20. Funds

Group	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	10,248	(10,392)	144	-
Other DfE / ESFA grants	-	982	(982)	-	-
Other government grants	-	571	(571)	-	-
Other restricted funds	-	85	(85)	-	-
Pension reserve	(3,310)	-	(529)	(1,824)	(5,663)
	<u>(3,310)</u>	<u>11,886</u>	<u>(12,559)</u>	<u>(1,680)</u>	<u>(5,663)</u>
Restricted fixed asset funds					
Transfer on conversion	23,257	-	(435)	-	22,822
DfE/EFSA capital grants	145	1,720	(1,291)	-	574
Capital expenditure from GAG	185	-	(70)	45	160
	<u>23,587</u>	<u>1,720</u>	<u>(1,796)</u>	<u>45</u>	<u>23,556</u>
Total restricted funds	<u>20,277</u>	<u>13,606</u>	<u>(14,355)</u>	<u>(1,635)</u>	<u>17,893</u>
Unrestricted funds					
General funds	<u>462</u>	<u>573</u>	<u>(311)</u>	<u>(189)</u>	<u>535</u>
Total funds	<u>20,739</u>	<u>14,179</u>	<u>(14,666)</u>	<u>(1,824)</u>	<u>18,428</u>

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

Restricted general funds

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

Fixed asset fund

This fund represents the net book value of fixed assets that the Academy Trust has 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 Trust.

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 2019.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20. Funds (continued)

Academy Trust	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	10,248	(10,469)	221	-
Other DfE / ESFA grants	-	982	(982)	-	-
Other government grants	-	473	(473)	-	-
Other restricted funds	-	85	(85)	-	-
Pension reserve	(3,310)	-	(529)	(1,824)	(5,663)
	<u>(3,310)</u>	<u>11,788</u>	<u>(12,538)</u>	<u>(1,603)</u>	<u>(5,663)</u>
Restricted fixed asset funds					
Transfer on conversion	23,257	-	(435)	-	22,822
DfE/EFSA capital grants	145	1,720	(1,291)	-	574
Capital expenditure from GAG	185	-	(70)	45	160
	<u>23,587</u>	<u>1,720</u>	<u>(1,796)</u>	<u>45</u>	<u>23,556</u>
Total restricted funds	<u>20,277</u>	<u>13,508</u>	<u>(14,334)</u>	<u>(1,558)</u>	<u>17,893</u>
Unrestricted funds					
General funds	500	653	(362)	(266)	525
Total funds	<u>20,777</u>	<u>14,161</u>	<u>(14,696)</u>	<u>(1,824)</u>	<u>18,418</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20. Funds (continued)

Prior year – Group	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	9,673	(9,946)	273	-
Other DfE / ESFA grants	-	882	(882)	-	-
Other government grants	-	545	(545)	-	-
Pension reserve	(3,221)	(666)	(549)	1,126	(3,310)
	<u>(3,221)</u>	<u>10,434</u>	<u>(11,922)</u>	<u>1,399</u>	<u>(3,310)</u>
Restricted fixed asset funds					
Transfer on conversion	21,892	1,798	(433)	-	23,257
DfE/ESFA capital grants	152	269	(276)	-	145
Capital expenditure from GAG	244	-	(59)	-	185
	<u>22,288</u>	<u>2,067</u>	<u>(768)</u>	<u>-</u>	<u>23,587</u>
Total restricted funds	<u>19,067</u>	<u>12,501</u>	<u>(12,690)</u>	<u>1,399</u>	<u>20,277</u>
Unrestricted funds					
General funds	<u>328</u>	<u>691</u>	<u>(284)</u>	<u>(273)</u>	<u>462</u>
Total funds	<u>19,395</u>	<u>13,192</u>	<u>(12,974)</u>	<u>1,126</u>	<u>20,739</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20. Funds (continued)

Academy Trust	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	9,673	(9,870)	197	-
Other DfE / ESFA grants	-	882	(882)	-	-
Other government grants	-	459	(459)	-	-
Pension reserve	(3,221)	(666)	(549)	1,126	(3,310)
	<u>(3,221)</u>	<u>10,348</u>	<u>(11,760)</u>	<u>1,323</u>	<u>(3,310)</u>
Restricted fixed asset funds					
Transfer on conversion	21,892	1,798	(433)	-	23,257
DfE/EFSA capital grants	152	269	(276)	-	145
Capital expenditure from GAG	244	-	(59)	-	185
	<u>22,288</u>	<u>2,067</u>	<u>(768)</u>	<u>-</u>	<u>23,587</u>
Total restricted funds	<u>19,067</u>	<u>12,415</u>	<u>(12,528)</u>	<u>1,323</u>	<u>20,277</u>
Unrestricted funds					
General funds	<u>328</u>	<u>780</u>	<u>(411)</u>	<u>(197)</u>	<u>500</u>
Total funds	<u>19,395</u>	<u>13,195</u>	<u>(12,939)</u>	<u>1,126</u>	<u>20,777</u>
Total funds analysis				Total	Total
Fund balances at 31 August were allocated as follows:				2019	2018
				£'000	£'000
Ab Kettleby School				7	(3)
Brownlow Primary School				114	120
John Femeley College				199	134
Somerby Primary School				49	44
Mowbray Education Trust				(45)	31
The Grove Primary School				39	27
Sherard Primary School				162	147
Total before fixed assets fund and pension scheme				<u>525</u>	<u>500</u>
Restricted fixed asset fund				23,556	23,587
Pension reserve				(5,663)	(3,310)
Total funds				<u>18,418</u>	<u>20,777</u>

The deficit in Mowbray Education Trust is due to a provision being made for an outstanding debt between Mowbray Education Trust Services and Mowbray Education Trust. Significant changes are being made to the structure of Mowbray Education Trust Services with a view to enabling it to repay the debt.

MOWBRAY EDUCATION TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019**

20. Funds (continued)**Total cost analysis by academy**

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Ab Kettleby School	285	30	22	86	423	455
Brownlow Primary School	1,765	125	67	485	2,442	2,624
John Ferneley College	4,157	376	138	1,294	5,965	5,575
Somerby Primary School	230	15	15	73	333	320
Mowbray Education Trust	105	414	17	289	825	894
The Grove Primary School	713	60	29	263	1,065	1,147
Sherard Primary School	1,472	139	66	323	2,000	1,732
	<u>8,727</u>	<u>1,159</u>	<u>354</u>	<u>2,813</u>	<u>13,053</u>	<u>12,747</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21. Analysis of net asset between funds

Group	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	11	-	23,134	23,145
Current assets	524	2,040	422	2,986
Creditors falling due within one year	-	(1,912)	-	(1,912)
Creditors falling due after more than one year	-	(128)	-	(128)
Defined benefit pension liability	-	(5,663)	-	(5,663)
	<u>535</u>	<u>(5,663)</u>	<u>23,556</u>	<u>18,428</u>
Academy Trust				
	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	23,134	23,134
Current assets	525	2,017	422	2,964
Creditors falling due within one year	-	(1,889)	-	(1,889)
Creditors falling due after more than one year	-	(128)	-	(128)
Defined benefit pension liability	-	(5,663)	-	(5,663)
	<u>525</u>	<u>(5,663)</u>	<u>23,556</u>	<u>18,418</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21. Analysis of net asset between funds (continued)

Group	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	14	-	23,587	23,601
Current assets	448	1,288	-	1,736
Creditors falling due within one year	-	(1,288)	-	(1,288)
Defined benefit pension liability	-	(3,310)	-	(3,310)
	<u>462</u>	<u>(3,310)</u>	<u>23,587</u>	<u>20,739</u>
Academy Trust	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	23,587	23,587
Current assets	500	1,252	-	1,752
Creditors falling due within one year	-	(1,252)	-	(1,252)
Defined benefit pension liability	-	(3,310)	-	(3,310)
	<u>500</u>	<u>(3,310)</u>	<u>23,587</u>	<u>20,777</u>

22. Commitments under operating leases

At 31 August 2019 the total of the group and academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	89	121
Amounts due between one and five years	199	170
Amounts due after five years	686	735
	<u>974</u>	<u>1,026</u>

Group only

During the year, the group has cancelled the lease over the property leased by the group's subsidiary undertaking Mowbray Education Trust Service Limited. At the 31 August 2018, the subsidiary undertaking had a commitment of £24,000 remaining on the lease, which has not been included in the comparative figures above.

23. Capital commitments

	2019 £'000	2018 £'000
Contracted for but not provided in financial statements	<u>14</u>	<u>-</u>

MOWBRAY EDUCATION TRUST LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019**

24. Subsidiary undertakings

Mowbray Education Trust Limited owns 100% of the share capital of Mowbray Education Trust Services Limited (company number 09757861) and the company is registered in England and Wales. The cost of investment is £1. The company's registered office is Scalford Road, Melton Mowbray, Leicestershire, LE13 1LH. The results of the subsidiary undertaking are consolidated in the Group Financial Statements and the audited accounts have been filed with the Registrar of Companies.

The principal activity of the company is to carry on the trading activities of the schools in the parent charity including operating a day nursery, the Oasis Family Centre. The following is a summary of the financial statements of Mowbray Education Trust Services Limited for the year ended 31 August 2019.

Profit and loss account	2019	2018
	£'000	£'000
Turnover	113	125
Cost of sales	(86)	(125)
Administrative expenses	(32)	(40)
	<hr/>	<hr/>
Retained loss for the financial year	(5)	(40)
	<hr/>	<hr/>
Balance sheet		
Fixed assets	11	14
Current assets	22	14
Creditors: amounts falling due within one year	(78)	(68)
	<hr/>	<hr/>
Net liabilities	(45)	(40)
	<hr/>	<hr/>

25. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019	2018
	£'000	£'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(487)	218
Adjusted for:		
Net surplus on conversion to academy	-	(1,273)
Capital grants from DfE/ESFA and other capital income	(1,720)	(57)
Interest receivable	(8)	(3)
Defined benefit pension scheme cost less contributions payable	432	448
Defined benefit pension scheme finance cost	97	101
Depreciation of tangible fixed assets	559	545
Loss on disposal of fixed assets	-	1
Movements in working capital:		
Decrease/(increase) in debtors	145	(216)
Increase in creditors	618	513
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(364)	277
	<hr/>	<hr/>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26. 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 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £159,920 (2018: £151,059) were payable to the schemes at 31 August 2019 and are included with 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 Services 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion.
- Notional past service deficit of £22 billion.
- Discount rate of 2.4% in excess of CPI.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £807,742 (2018: £717,356).

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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26. Pension and similar obligations (continued)

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 25.39% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2019	2018
	£'000	£'000
Employer's contributions	540	536
Employees' contributions	132	136
Total contributions	<u>672</u>	<u>672</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 2019 by a qualified independent actuary.

	2019	2018
	%	%
Rate of increases in salaries	3.3	3.3
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

The assumed life expectations on retirement age 65 are:

	2019	2018
	Years	Years
Retiring today		
- Males	21.2	22.1
- Females	23.4	24.3
Retiring in 20 years		
- Males	22.2	23.8
- Females	24.7	26.2

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

	2019	2018
	Fair value	Fair value
	£'000	£'000
Equities	3,867	3,521
Bonds	2,066	1,533
Property	533	511
Other assets	200	114
Total fair value of assets	<u>6,666</u>	<u>5,679</u>

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26. Pension and similar obligations (continued)

The actual return on scheme assets was £387,000 (2018: £255,000).

Amount recognised in the Statement of Financial Activities	2019 £'000	2018 £'000
Current service cost	811	975
Net interest cost	97	101
Past service costs	161	9
Total operating charge	1,069	1,085

Changes in the present value of defined benefit obligations	2019 £'000
At 1 September 2018	8,989
Current service cost	811
Interest cost	264
Employee contributions	132
Changes in demographic assumptions	(674)
Changes in financial assumptions	2,718
Benefits paid	(72)
Past service cost	161
At 31 August 2019	12,329

Changes in the fair value of academy's share of scheme assets	2019 £'000
At 1 September 2018	5,679
Interest income	167
Return on plan assets (excluding net interest on the net defined pension liability)	220
Employer contributions	540
Employee contributions	132
Benefits paid	(72)
At 31 August 2019	6,666

27. 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.

MOWBRAY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

28. Related party transactions

Group and academy

All transactions involving related parties are conducted at cost and in accordance with the academy's financial regulations and normal procurement procedures.

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

The following related party transactions took place in the period of account.

Academy

During the year, the Academy Trust recharged its subsidiary undertaking, Mowbray Education Trust Services Limited £102,194 (2018: £128,166) for use of staff and general overheads expenditure and Mowbray Education Trust Services Limited recharged £1,500 (2018: £nil) to the Academy Trust for governance costs. At the year end, Mowbray Education Trust Services Limited owed the Academy Trust £52,991 (2018: £30,893). A provision of £52,991 (2018: £nil) has been made against this debt in the Academy Trust's financial statements.

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 4 May 2018 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Mowbray Education Trust Limited during the period 1 September 2018 to 31 August 2019 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 2018 to 31 August 2019 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 2018 to 2019 Annex B: 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 out 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 of Education dated 24 January 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 appointed 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 2018 to 2019.

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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 of Education, the Academies Financial Handbook 2018 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 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 2018 to 2019.

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

The 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.

Use of our report

This report is made solely to Mowbray Education Trust Limited and the ESFA in accordance with the terms of our engagement letter dated 4 May 2018. 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

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Dated: 12/12/19