

Registered number: 08027205 (England & Wales)

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
(A company limited by guarantee)

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

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, GOVERNORS  
AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Members**

C Cartwright  
T Fisher (resigned 9 December 2015)  
P Howarth  
P D King (appointed 1 September 2015)  
S E McAllister

**Governors**

C Cartwright, Chair<sup>1</sup>  
V Rayner, Vice Chair  
C Boshier  
J Brooks<sup>1</sup>  
A Cockrill, Staff Governor (appointed 18 November 2015)  
K Edwards (resigned 31 August 2016)  
S Greenwell, Staff Governor  
D Holmes<sup>1</sup>  
S K Jones (resigned 20 September 2016)<sup>1</sup>  
P D King, Executive Head Teacher (appointed 1 September 2015)<sup>1</sup>  
T D Lloyd-Payne  
M L Parker, Staff Governor (appointed 16 November 2015)  
J Saint  
S Shreeve (resigned 31 August 2016)<sup>1</sup>  
R Steggles, Staff Governor (resigned 13 September 2015)  
D Turner<sup>1</sup>  
A Walecki<sup>1</sup>  
A J Ward (appointed 15 October 2015)<sup>1</sup>

<sup>1</sup> Finance and Audit Committee

**Company registered number**

08027205

**Company name**

Federation of Mowden Schools Academy Trust

**Principal and registered office**

Mowden Junior School  
Conyers Avenue  
Darlington  
Co Durham  
DL3 9DE

**Company secretary**

A Taylor

**Senior management team**

P D King, Executive Head Teacher  
A Johnson, Deputy Head Teacher  
M Parker, Deputy Head Teacher  
A Taylor, Business Manager

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Advisers (continued)**

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
and Statutory Auditors  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

**Bankers**

Lloyds Bank Plc  
Skinnergate  
Darlington  
Co Durham  
DL3 7ND

**Solicitors**

Bond Dickinson LLP  
One Trinity  
Newcastle upon Tyne  
NE1 2HF

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The Federation of Mowden Schools Academy Trust is based in Darlington and includes Mowden Infant School and Mowden Junior School. Its academies have a combined pupil capacity of 526 and had a roll of 521 in the school census on 21 May 2016.

**OBJECTIVES AND ACTIVITIES**

The principal object and activity of the charitable company is the operation of the Federation of Mowden Schools Academy Trust to provide education for students of different abilities between the ages of 4 and 11.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

**Objects and aims**

**Our Motto: Learning in Partnership.**

We believe that everyone should contribute to the ethos of our schools; all staff, pupils, helpers, Governors and parents work together to enable all children to achieve their potential.

Good teamwork and supportive partnerships are essential in achieving the high standards we strive for. Our children are encouraged to be curious, polite, friendly and responsible and to take an active role within the local and global community.

**Federation Aims:**

- To create a learning community that challenges and supports.
- To provide a caring environment where each individual is able to flourish.
- To nurture confident, independent children.
- To promote respect for all people, regardless of ability, religion, race or background.
- To be aspirational, stimulating, happy, friendly and purposeful.
- To forge links with the wider community and teach the children an awareness of their role in the outside world.

**Objectives, strategies and activities**

**Development Plan Objectives for 2016/17:**

1. Improving the quality of teaching and learning; building on the best practice in the Federation to raise the quality of teaching further.
2. Expansion of the Federation; to continue the successful transition from two to three form entry across the year groups.
3. Communication; to continue to improve communication for all stakeholders; exploring options for, and moving towards, using electronic communication rather than paper.

**Public benefit**

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy trust should undertake.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Key Stage 1**

The percentage of pupils attaining the new Expected Standard was above the National Average in all subjects. Increasing the number of children working at 'Greater Depth' is the next step.

**Key Stage 2**

The percentage of pupils attaining the Expected Standard in the key stage two assessments tests was well above the National Average in all subjects, This resulted in the average scaled score being significantly higher in all areas, including for the most able children. Children made progress in line with the national average.

Whilst the above data is encouraging, it is our wish and belief that we should and can improve on these.

**Key performance indicators**

Performance is considered in both the achievements and performance and financial review sections.

**Going concern**

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**FINANCIAL REVIEW**

Most of the academies income is obtained from the Department for education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £ 2,331,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £ 17,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2016 the net book value of fixed assets was £ 6,295,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £ 725,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2016 of £ 5,951,000 comprising £5,705,000 of restricted funds and £246,000 of unrestricted funds.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**FINANCIAL REVIEW (continued)**

**Investment policy and performance**

The academy trust invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

The Finance and Audit Committee review the investment policy on an annual basis. During 2015-2016 the Governors approved an investment of £100,000 from reserves in a 32 day notice account and a further £100,000 in a one year fixed term deposit account.

**Principal risks and uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust balance sheet.

The Governors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

**Reserves policy**

The level of reserves is reviewed by the Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £190,000.

This is considered sufficient to cover

- a) Salaries
- b) Invoice payments

The academy trust's current level of free reserves are in surplus by £246,000. In addition there is GAG carry forward available of £135,000 and therefore overall free reserves are considered to be above the level of reserves required for the ongoing needs of the academy.

The Governors continue to consider additional activities related to the academy trust's objectives to which excess reserves may be applied, including:

- a) Protection against the uncertainty in relation to the national funding formula
- b) Protection against the uncertainty over future pension contribution rates

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Governors of The Federation of Mowden Schools Academy Trust are also the Directors of the charitable company for the purpose of company law.

The charitable company is known as The Federation of Mowden Schools Academy Trust.

Details of the Governors who served during the are included in the Reference and administrative details on page 1.

**Members' liability**

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

**Method of recruitment and appointment or election of Governors**

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Executive Head Teacher or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

The Members may appoint up to seven Governors (Member appointed).

The Members may appoint Staff Governors through the staff election process, providing the total number of who are employees of the company does not exceed one third of the total number of Governors.

The Members may appoint a minimum of two Parent Governors who are nominated by the parent body and elected by parent ballot.

The Trust ensures all new Governors undergo all relevant checks such a DBS Check.

**Policies and procedures adopted for the induction and training of Governors**

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy trust and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two Governors a year, induction tends to be done informally and is tailored specifically to the individual.



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Pay policy for key management personnel**

The Executive Head Teacher – Performance Management Review with External Adviser and two Governors appointed to the Head Teachers' Review committee.

Deputy Head Teachers – Performance Management Review with the Head Teacher.

**Organisational structure**

During the year the academy trust continued to operate a unified management structure. The Trust's management structure consists of:

- Governing Body
- Senior Leadership Team (consisting of Head Teacher and 2 Deputy Head Teachers)
- Phase Leaders (consisting of 4 teaching staff)
- School Business Manager who also acts as the company secretary

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the Trust and making decisions regarding the direction of the academy trust, capital expenditure and staff appointments.

The Senior Leadership Team consists of an Executive Head Teacher and two Deputy Head Teachers. The middle management of the academy trust is centred on the Phase Leaders. We have one middle manager (Phase Leader) responsible for overseeing the progress of pupils and the organisation of each phase; these are: reception stage, years 1 and 2, years 3 and 4, and years 5 and 6. The Executive Head Teacher and the School Business Manager are responsible for the authorisation of spending within agreed budgets.

The Executive Head Teacher, Deputies and the Phase Leaders are responsible for the day to day operation of the Federation, in particular organising the teaching staff, facilities and pupils.

The School Business Manager is responsible for the day to day financial operation of the academy trust and reports to the Governing Body.

**Connected organisations, including related party relationships**

There are no related parties which either control or significantly influence the decisions and operations of the academy trust.

**Governors' indemnities**

The academy trust has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 12.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**PLANS FOR FUTURE PERIODS**

**Future developments**

The academy trust is in the fourth year of an expansion programme to increase Mowden Infant and Junior Schools from a two-form entry to a three-form entry, phased over a maximum of seven years. This will create an additional 30 places per year with the long term aim of increasing the PAN (pupil admission number) from 430 to 640 across the academy trust. Associated additional income and expenditure is being monitored on a regular basis by the Finance and Audit Committee.

All building work was complete for September 2015. The programme was funded by Darlington Borough Council.

In addition, the Trust has plans to improve access around the junior school, where needed, for wheelchair users and aims to have the most essential work completed by June 2017.

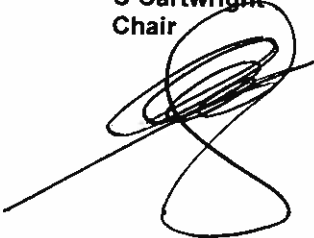
**Disclosure of information to auditors**

In so far as the Governors are aware::

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the auditors are aware of that information.

Governors' report, incorporating a strategic report, was approved by order of the Board of Governors as the company directors, on 7 December 2016 and signed on its behalf by:

**C Cartwright**  
**Chair**

A handwritten signature in black ink, appearing to be 'C Cartwright', written over the printed name and title.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

The Board of Governors has delegated the day-to-day responsibility to the Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Federation of Mowden Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
C Cartwright, Chair	5	6
V Rayner, Vice Chair	5	6
C Boshier	5	6
J Brooks	3	6
A Cockrill, Staff Governor	4	5
K Edwards	5	6
S Greenwell, Staff Governor	4	6
D Holmes	6	6
S K Jones	4	6
P D King, Executive Head Teacher	6	6
T D Lloyd-Payne	6	6
M L Parker, Staff Governor	5	5
J Saint	6	6
S Shreeve	5	6
R Steggles, Staff Governor	0	0
D Turner	5	6
A Walecki	4	6
A J Ward	4	6

P King took up the role of Executive Head Teacher and Governor from 1 September 2015. Mrs Parker and Mrs Cockrill were appointed as Staff Governors in November 2015.

The Finance and Audit Committee is a sub-committee of the main Board of Governors. Its purpose is to ensure sound financial management of the Trust's resources including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
C Cartwright, Chair	3	4
J Brooks	3	4
D Holmes	2	4
S K Jones	2	4
P D King, Head Teacher	4	4
S Shreeve	4	4
D Turner	3	4
A Walecki	4	4
A J Ward	3	3

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money**

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

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

**Improving Educational Results**

**Targeted Improvement**

Governors and the Senior Leadership Team regularly review the staffing structure in conjunction with the budget and school development plan. Staff are deployed efficiently to ensure that educational standards continue to improve. Alternative staffing structures are considered to ensure succession planning. As the increase in roll has begun to affect the juniors, the necessary changes to staffing have been carefully considered.

The academy trust monitors the progress of all pupils and is able to identify those not making expected progress. Small group or individual support is provided, as appropriate, for these pupils, across the whole spectrum of needs, to assist their progress.

**Focus on individual pupils**

An established mentoring programme is in place to enable every pupil to understand and achieve their potential. This process includes identifying the grade of each pupil at the start of the school year and monitoring their progress over time through a tracking system. The data from this process is analysed for effectiveness and to identify areas for additional support. Data analysis also includes looking at specific groups, for example, boys, and pupils receiving Pupil Premium funding.

Teaching Assistants are deployed effectively to provide additional support to individual pupils and smaller groups.

In a number of classes the staffing structure also enables numeracy and literacy to be taught in smaller groups of around 20 or less, rather than in full classes of 30+. The current staffing structure also supports intervention strategies to be implemented, enabling children to be taught in small or individual groups.

**Collaboration**

The academy trust regularly works with local primary and secondary schools to share good practice and achieve best value. This year, to support transition between Primary and Secondary schools, our year 6 pupils have received extra support from local secondary schools. This has included two way visits by staff from secondary schools, working on sporting and performing arts projects and identifying ways to standardise assessments in the new national curriculum. Staff in our Early Years Foundation Stage work in an informal partnership with other schools locally to ensure good practice and consistency in the EYFS new curriculum.

Senior staff within the academy trust are highly regarded and hold wider responsibilities in Darlington. The Executive Head Teacher chairs the Darlington Schools Forum; one of the Deputy Heads takes a lead role on behalf of the LA in moderating KS2 teacher assessments; the other Deputy Head acts as lead mentor, also on behalf of the LA, for all newly qualified teacher mentors in the town.

The School Business Manager is a member of the Darlington SBM Network. School Business Managers from member schools across the Darlington area meet regularly to discuss agenda items covering a broad spectrum of issues.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money (continued)**

**New Initiatives**

During 2015-16 the academy trust has developed new systems to teach and assess the new National Curriculum 'without levels'. This initially involved senior staff identifying best practice elsewhere and visiting a school in a neighbouring authority. Subsequent training for all staff has seen full implementation of the curriculum and opportunities for shared assessment.

Following the building expansion programme, the academy trust recently completed a significant roofing renewal project in the Junior School. Such has been the value for money, there has been a projected underspend in the grant involved, improvements to the staff room and teacher's planning and preparation area are identified as a result.

With a number of retirements of senior and/or established staff, this has presented the Executive Head Teacher with staffing restructure opportunities. For example, the two administrative apprentices have both been offered substantive contracts following the retirement of a senior admin colleague; savings made from the retirement of two Upper Pay Scale 3 teachers plus savings from the planned withdrawal from the LA cleaning contract have enabled an additional teaching assistant in KS2 and a part-time administrator to be employed.

**Quantifying Improvements**

**Key Stage 1**

The percentage of pupils attaining the new Expected Standard was above the National Average in all subjects increasing the number of children working at 'Greater Depth' is the next step.

**Key Stage 2**

The percentage of pupils attaining the Expected Standard in the key stage two assessments tests was well above the National Average in all subjects, This resulted in the average scaled score being significantly higher in all areas, including for the most able children. Children made progress in line with the national average. Whilst the above data is encouraging, it is our wish and belief that we should and can improve on these.

**Financial Governance and Oversight**

**The academy trust continues to work towards Governor Mark**

The academy trust has a dedicated Finance and Audit Committee, who are responsible for determining the school's financial priorities linking these to the long term vision, the School Development Plan and directions given by the Full Governing Body.

**Items for discussion and action by the committee are:**

- 1) To approve the start budget for the financial year.
- 2) To establish and maintain an up to date 3 year financial plan.
- 3) To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body.
- 4) To ensure that the school operates within the Financial Regulations.
- 5) To annually review and appoint the independent examiner (Internal Auditor) and the External Accountants, in line with EFA guidelines.
- 6) To review appropriate financial benchmarking data, in order to compare the schools financial performance with other similar schools.
- 7) To ensure that ring fenced funding streams, such as Pupil Premium and PE and Sports Grant, will be used as directed and to maximum effect.
- 8) To make decisions on expenditure following recommendations from other committees.
- 9) To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised.
- 10) To determine whether sufficient funds are available for staff pay increments and increases.
- 11) To assess the possibility of further collaborative work with other education providers and business links that will allow for increased sharing of good practice.
- 12) To ensure that the academy trust is a going concern and will remain viable for the foreseeable future.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Federation of Mowden Schools Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Governors 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 Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

**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 Governors;
- regular reviews by the Finance and 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of Governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

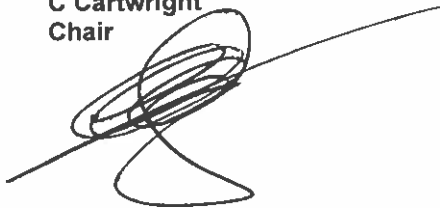
As Accounting Officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- 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 members of the Board of Governors on 7 December 2016 and signed on their behalf, by:

**C Cartwright**  
**Chair**

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**P D King**  
**Accounting Officer**

A handwritten signature in black ink, featuring a stylized 'P' and 'D' followed by a long, sweeping horizontal stroke.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

  
**P D King**  
**Accounting Officer**

7 December 2016



**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Governors on 7 December 2016 and signed on its behalf by:

**C Cartwright**  
**Chair**



**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**

We have audited the financial statements of Federation of Mowden Schools Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**Respective responsibilities of Governors and auditors**

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**

**Matters on which we are required to report by exception**

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

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



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
and Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT  
7 December 2016

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Federation of Mowden Schools Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Federation of Mowden Schools Academy Trust's Accounting Officer and the reporting accountants**

The Accounting Officer is responsible, under the requirements of Federation of Mowden Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FEDERATION  
OF MOWDEN SCHOOLS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**Approach (continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

**Reporting Accountant**

Chartered Accountants  
and Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

7 December 2016

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	7	-	13	20	882
Charitable activities	5	-	2,054	-	2,054	1,972
Other trading activities	3	83	-	-	83	86
Investments	4	-	-	-	-	1
<b>TOTAL INCOME</b>		<b>90</b>	<b>2,054</b>	<b>13</b>	<b>2,157</b>	<b>2,941</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		61	2,066	204	2,331	2,228
<b>TOTAL EXPENDITURE</b>	6	<b>61</b>	<b>2,066</b>	<b>204</b>	<b>2,331</b>	<b>2,228</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	29 (4)	(12) (45)	(191) 49	(174) -	713 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		25	(57)	(142)	(174)	713
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(413)	-	(413)	8
<b>NET MOVEMENT IN FUNDS</b>		<b>25</b>	<b>(470)</b>	<b>(142)</b>	<b>(587)</b>	<b>721</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		221	(120)	6,437	6,538	5,817
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>246</b>	<b>(590)</b>	<b>6,295</b>	<b>5,951</b>	<b>6,538</b>

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08027205**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	13		6,295	6,226
<b>CURRENT ASSETS</b>				
Stocks	14	-		2
Debtors	15	63		97
Cash at bank and in hand		498		768
		561		867
<b>CREDITORS: amounts falling due within one year</b>	16	(180)		(272)
<b>NET CURRENT ASSETS</b>			381	595
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,676	6,821
Defined benefit pension scheme liability	22		(725)	(283)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			5,951	6,538
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds	17	135		163
Restricted fixed asset funds	17	6,295		6,437
Restricted funds excluding pension liability		6,430		6,600
Pension reserve		(725)		(283)
Total restricted funds			5,705	6,317
Unrestricted funds	17		246	221
<b>TOTAL FUNDS</b>			5,951	6,538

The financial statements were approved by the Governors, and authorised for issue, on 7 December 2016 and are signed on their behalf by:

**C Cartwright**  
**Chair**

The notes on pages 23 to 42 form part of these financial statements.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(10)	184
		<hr/>	<hr/>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		-	1
Purchase of tangible fixed assets		(273)	(208)
Capital grants from DfE/EFA		13	384
		<hr/>	<hr/>
<b>Net cash (used in)/provided by investing activities</b>		(260)	177
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		(270)	361
Cash and cash equivalents brought forward		768	407
		<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>		498	768
		<hr/> <hr/>	<hr/> <hr/>



**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Federation of Mowden Schools Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Federation of Mowden Schools Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Federation of Mowden Schools Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

**1.2 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Governors 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.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
(A company limited by guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.4 Interest receivable**

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

**1.5 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.

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

All resources expended are inclusive of irrecoverable VAT.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

Generally, assets costing more than £1,000 are capitalised but assets relating to land, buildings or property improvements are only capitalised if the cost is more than £20,000.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	50 years
Fixtures and fittings	-	7 years
Computer equipment	-	3 years
Long-term leasehold land	-	123 years

**1.7 Liabilities and provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.8 Leased Assets**

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

**1.9 Stocks**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.10 Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.11 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.12 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 Governors.

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

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

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.13 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.

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £204,000.

Land and buildings - Land and buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

**1.14 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.15 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**FEDERATION OF MOWDEN SCHOOLS ACADEMY TRUST**  
(A company limited by guarantee)

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Transfer of fixed assets on conversion	-	-	-	496
Capital Grants	-	13	13	384
Other donations	7	-	7	2
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	7	13	20	882
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £2,000 was to unrestricted funds and £880,000 was to restricted fixed asset funds

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	11	-	11	21
Lettings	13	-	13	13
School trips	13	-	13	11
Staff absence insurance	5	-	5	2
Catering	41	-	41	39
	<hr/>	<hr/>	<hr/>	<hr/>
	83	-	83	86
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from other trading activities, £86,000 was to unrestricted funds and £ NIL was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Short term deposits	-	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £1,000 was to unrestricted funds and £ NIL was to restricted funds.

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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,731	1,731	1,684
Pupil Premium	-	72	72	61
Other DfE/EFA Grants	-	123	123	110
	<u>-</u>	<u>1,926</u>	<u>1,926</u>	<u>1,855</u>
<b>Other government grants</b>				
SEN	-	48	48	43
Other Government Grants	-	80	80	74
	<u>-</u>	<u>128</u>	<u>128</u>	<u>117</u>
	<u>-</u>	<u>2,054</u>	<u>2,054</u>	<u>1,972</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,972,000 was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
<b>Academy's educational operations:</b>					
Direct costs	1,436	-	132	1,568	1,221
Support costs	167	277	319	763	1,007
	<u>1,603</u>	<u>277</u>	<u>451</u>	<u>2,331</u>	<u>2,228</u>

In 2016, of the total expenditure, £98,000 (2015 - £67,000) was to unrestricted funds, £204,000 (2015 - £195,000) was to restricted fixed asset funds and £2,029,000 (2015 - £1,966,000) was to restricted funds.

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**7. CHARITABLE ACTIVITIES**

	2016 £000	2015 £000
<b>DIRECT COSTS</b>		
Wages and salaries	1,149	1,107
National insurance	93	80
Pension cost	194	167
Educational supplies	45	39
Insurance	17	14
Staff development	6	8
Technology costs	13	13
Educational consultancy	16	20
Travel and subsistence	2	-
Other direct costs	33	20
	<hr/> 1,568	<hr/> 1,221
<b>SUPPORT COSTS</b>		
Wages and salaries	146	145
National insurance	7	7
Pension costs	14	12
Depreciation	204	195
Net interest cost on pension scheme	10	10
Technology costs	27	35
Recruitment and support	1	2
Maintenance of premises and equipment	46	46
Cleaning	51	44
Rates	12	12
Energy	28	31
Insurance	21	22
Security	-	1
Transport	2	7
Catering	120	108
Occupancy costs	7	7
Bank interest and charges	1	1
Other support costs	38	51
Governance costs	28	24
	<hr/> 763	<hr/> 1,007
	<hr/> <hr/> 2,331	<hr/> <hr/> 2,228



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**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets: - owned by the charity	204	195
Auditors' remuneration - audit	5	5
Auditors' remuneration - other services	3	3
Operating lease rentals	2	2
	214	207

**9. STAFF COSTS**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	1,294	1,250
Social security costs	100	87
Operating costs of defined benefit pension schemes	208	179
	1,602	1,516
Supply teacher costs	1	2
	1,603	1,518

Included in operating costs of defined benefit pension schemes is a debit of £19,000 relating to the pension deficit actuarial adjustment.

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

	2016 No.	2015 No.
Teachers	25	24
Administration and support	33	34
Management	3	3
	61	61

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £258,000 (2015: £246,000).

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**10. CENTRAL SERVICES**

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

- Human Resources;
- Financial Services;
- Legal Services;
- Education and Support Services; and
- Technology Support Services

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

The central services costs incurred during the year were £60,175 (2015: £53,687) and were split between the two different academies based upon student numbers.

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Mowden Infant School	31	27
Mowden Junior School	29	27
	60	54
<b>Total</b>	<b>60</b>	<b>54</b>

**11. GOVERNORS' REMUNERATION AND EXPENSES**

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

		2016 £000	2015 £000
P D King, Executive Head Teacher	Remuneration	75-80	-
	Pension contributions paid	10-15	-
A Cockrill, Staff Governor	Remuneration	15-20	-
	Pension contributions paid	0-5	-
S Greenwell, Staff Governor	Remuneration	20-25	15-20
	Pension contributions paid	0-5	0-5
M L Parker, Staff Governor	Remuneration	40-45	-
	Pension contributions paid	5-10	-
R Steggles, Staff Governor	Remuneration	0-5	25-30
	Pension contributions paid	0-5	0-5
B Watkinson, Head Teacher	Remuneration	-	75-80
	Pension contributions paid	-	10-15
S Cook	Remuneration	-	25-30
	Pension contributions paid	-	0-5

During the year, 2 Governors received benefits in kind of £795 (2015 - £NIL).

During the year, 1 Governor received reimbursement of expenses of £22 (2015 - £NIL).

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**12. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £708 (2015 - £1,002).

**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 September 2015	6,285	73	217	6,575
Additions	222	25	26	273
Disposals	-	-	(1)	(1)
At 31 August 2016	<u>6,507</u>	<u>98</u>	<u>242</u>	<u>6,847</u>
<b>Depreciation</b>				
At 1 September 2015	253	15	81	349
Charge for the year	120	11	73	204
On disposals	-	-	(1)	(1)
At 31 August 2016	<u>373</u>	<u>26</u>	<u>153</u>	<u>552</u>
<b>Net book value</b>				
At 31 August 2016	<u>6,134</u>	<u>72</u>	<u>89</u>	<u>6,295</u>
At 31 August 2015	<u>6,032</u>	<u>58</u>	<u>136</u>	<u>6,226</u>

**14. STOCKS**

	2016 £000	2015 £000
Finished goods and goods for resale	-	2

**15. DEBTORS**

	2016 £000	2015 £000
Trade debtors	2	-
VAT recoverable	14	38
Prepayments and accrued income	47	59
	<u>63</u>	<u>97</u>

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**16. CREDITORS: Amounts falling due within one year**

	2016	2015
	£000	£000
Trade creditors	58	180
Other creditors	-	1
Accruals and deferred income	122	91
	180	272
	180	272
	2016	2015
	£000	£000
<b>Deferred income</b>		
Deferred income at 1 September 2015	81	72
Resources deferred during the year	96	81
Amounts released from previous years	(81)	(72)
	96	81
	96	81

At the balance sheet date the academy trust holds funding received in advance in respect of high needs funding, free school meals funding and parent contributions in respect of a pupil visit to take place in the Autumn term 2016.

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**17. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>Unrestricted funds</b>						
General Funds	221	90	(61)	(4)	-	246
<b>Restricted funds</b>						
General Annual Grant (GAG)	163	1,731	(1,714)	(45)	-	135
Pupil Premium	-	72	(72)	-	-	-
Other DfE/EFA Grants	-	123	(123)	-	-	-
SEN	-	48	(48)	-	-	-
Local Authority Grant	-	80	(80)	-	-	-
Pension reserve	(283)	-	(29)	-	(413)	(725)
	(120)	2,054	(2,066)	(45)	(413)	(590)
<b>Restricted fixed asset funds</b>						
Assets transferred on conversion	3,343	-	(66)	-	-	3,277
Devolved Formula Capital Condition Improvement Fund	37	13	(3)	-	-	47
Capital expenditure from GAG	371	-	(3)	-	-	368
Mowden Friends Association (unrestricted)	125	-	(29)	45	-	141
Capital expenditure from other funds	-	-	(1)	4	-	3
Gift in kind	8	-	(1)	-	-	7
	2,553	-	(101)	-	-	2,452
	6,437	13	(204)	49	-	6,295
<b>Total restricted funds</b>	<b>6,317</b>	<b>2,067</b>	<b>(2,270)</b>	<b>4</b>	<b>(413)</b>	<b>5,705</b>
<b>Total of funds</b>	<b>6,538</b>	<b>2,157</b>	<b>(2,331)</b>	<b>-</b>	<b>(413)</b>	<b>5,951</b>

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

The General Annual Grant (GAG) must be used for the normal running costs of the academy trust including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

Other DfE/EFA income relates to a PE & Sports grant and Free School Meals. These are to be used solely for the provision of sports within the school, including teaching costs relating to PE and for the provision of catering services.

SEN funding is to be spent providing pupils with special educational needs extra support.

Local Authority Grant income consists of the Darlington Borough Council Growth fund which is to be used for the costs associated with the recruitment of additional teachers in order for the academy trust to take on additional pupils in the local area.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

A transfer of £45,000 has been made to capital expenditure from GAG funding to reflect those items included within fixed assets which have been purchased using GAG monies.

A transfer of £4,000 has been made to capital expenditure from unrestricted funding to reflect those items included within fixed assets which have been purchased using unrestricted monies.

Unrestricted funds include the income from school trips, lettings and catering with the relevant costs allocated accordingly.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Mowden Junior School	191	185
Mowden Infants School	190	199
Total before fixed asset fund and pension reserve	381	384
Restricted fixed asset fund	6,295	6,437
Pension reserve	(725)	(283)
Total	5,951	6,538

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	Total 2015 £000
Mowden Junior School	666	80	23	217	986	1,001
Mowden Infants School	770	87	22	262	1,141	1,023
	<u>1,436</u>	<u>167</u>	<u>45</u>	<u>479</u>	<u>2,127</u>	<u>2,024</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	6,295	6,295	6,226
Current assets	246	315	-	561	867
Creditors due within one year	-	(180)	-	(180)	(272)
Provisions for liabilities and charges	-	(725)	-	(725)	(283)
	<u>246</u>	<u>(590)</u>	<u>6,295</u>	<u>5,951</u>	<u>6,538</u>

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(174)	713
<b>Adjustment for:</b>		
Depreciation charges	204	195
Dividends, interest and rents from investments	-	(1)
Decrease in stocks	2	-
Decrease/(increase) in debtors	34	(28)
(Decrease)/increase in creditors	(92)	157
Capital grants from DfE and other capital income	(13)	(384)
Land transferred on conversion	-	(496)
Defined benefit pension scheme finance cost	29	28
<b>Net cash (used in)/provided by operating activities</b>	<u>(10)</u>	<u>184</u>

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**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	498	768
Total	498	768

**21. CAPITAL COMMITMENTS**

At 31 August 2016 the academy trust had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	210
	-	210

**22. PENSION COMMITMENTS**

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)



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**22. PENSION COMMITMENTS (continued)**

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £155,000 (2015 - £129,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £53,000 (2015 - £50,000), of which employer's contributions totalled £34,000 (2015 - £32,000) and employees' contributions totalled £19,000 (2015 - £18,000). The agreed contribution rates for future years are 10.8% for employers and 5.5% - 8.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

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**22. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows:

	2016 £000	2015 £000
Equities	296	229
Government bonds	220	132
Corporate bonds	58	41
Property	54	28
Cash	50	36
	<hr/>	<hr/>
Present value of funded obligations	678	466
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £91,000 (2015 - £(1,000)).

Analysis of pension finance income/(costs)

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(53)	(50)
Net interest cost	(10)	(10)
	<hr/>	<hr/>
Pension finance income/(costs)	(63)	(60)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £000	2015 £000
Opening defined benefit obligation	749	682
Current service cost	53	50
Interest cost	30	26
Contributions by employees	19	18
Actuarial losses/(gains)	484	(25)
Benefits paid	68	(2)
	<hr/>	<hr/>
Closing defined benefit obligation	1,403	749
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. PENSION COMMITMENTS (continued)**

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

	2016 £000	2015 £000
Opening fair value of scheme assets	466	419
Interest income	20	16
Actuarial gains and (losses)	71	(17)
Contributions by employer	34	32
Contributions by employees	19	18
Benefits paid	68	(2)
	<u>678</u>	<u>466</u>
Closing fair value of scheme assets	<u><u>678</u></u>	<u><u>466</u></u>

**23. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
<b>Amounts payable:</b>		
Within 1 year	2	2
Between 1 and 5 years	3	-
	<u><u>5</u></u>	<u><u>2</u></u>

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

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

Mowden Pre - School - a charity in which Mrs S Shreeve (a Governor of the academy trust during the year) has a majority interest:

- The academy trust made an agreement with the charity in 2015 that rental fees of £6,100 per annum would be paid to the academy trust for the rental period from 1 September 2014 to 31 August 2016. The academy trust received £6,100 this year (2015: £6,100).
- Additional sales of £29 (2015: £nil) were also made to the charity this year. There are no amounts outstanding at 31 August 2016 (2015: £nil).
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2015.

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**25. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		5,817	6,538
Total funds reported under FRS 102		<u>5,817</u>	<u>6,538</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	31 August 2015 £000
Net income previously reported under UK GAAP		722
Change in recognition of LGPS interest cost	A	(9)
Actuarial gains/(losses) brought above the line	B	<u>8</u>
Net movement in funds reported under FRS 102		<u>721</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Change in recognition of LGPS interest cost

Under previous UK GAAP the academy trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £9,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.