

The Mossbourne Federation

Consolidated Report and Financial Statements

31 August 2018

Company Limited by Guarantee
Registration Number
4468267 (England and Wales)



**M O S S B O U R N E
F E D E R A T I O N**

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Legal and administrative information

Sponsor	Sir Clive Bourne Charitable Trust
Members and Trustees	Lady Joy Bourne Robert Feld Daniel Flitterman Don Hayes Geoff Levy Sylvie Pierce
Secretary	Don Hayes
Registered office	Gardiner House 6B Hemnall Street Epping Essex CM16 4LW
Company registration number	4468267 (England and Wales)
Federation Central Governing Body	Henry Colthurst (Chair) Robert Feld (Chair of Mossbourne Victoria Park Academy) Peter Hughes (Chief Executive Officer) Maggie Kalnins (Chair of Mossbourne Parkside Academy) Samantha Lloyd (Chair of Mossbourne Riverside Academy) Sylvie Pierce (Vice-Chair & Chair of Mossbourne Community Academy) Philip Woodhouse Mark Tufnell (Chair of Finance Committee)
Key management personnel	Peter Hughes (Chief Executive Officer) Nicholas Rutherford (Principal - Mossbourne Victoria Park Academy) Amy Wood (Principal - Mossbourne Riverside Academy) Rebecca Warren (Associate Principal - Mossbourne Community Academy) Timothy Jackson (Principal - Mossbourne Parkside Academy) Dipo Odunsi (Chief Operating Officer)

Legal and administrative information

Independent Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

National Westminster Bank Plc
PO Box 8038
3rd Floor
20 Amhurst Road
London
E8 1JL

HSBC Bank Plc
53-55 Uxbridge Road
Ealing
London
W5 5SA

Brown, Shipley & Co Limited
Founders Court
Lothbury
London
EC2R 7HE

Lloyds Bank Plc
39 Threadneedle Street
London
EC2R 8AU

Solicitors

Browne Jacobson
77 Gracechurch Street
London
EC3V 0AS

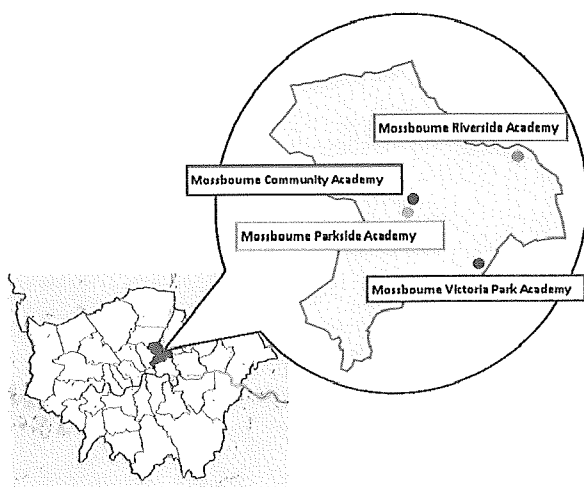
Trustees' report Year to 31 August 2018

The Trustees of the Mossbourne Federation (the Federation), present their annual report together with the audited consolidated financial statements of the charitable company and its subsidiary company MossPAM Limited, together known as the group, for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 38 to 45 of the attached financial statements and comply with the Federation's Memorandum and Articles of Association, the Companies Act 2006, the Financial Reporting and Accounts Requirements issued by the Education and Skills Funding Agency, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

During the year ended 31 August 2018, the Federation operated two secondary schools (Mossbourne Community Academy and Mossbourne Victoria Park Academy) and two primary schools (Mossbourne Parkside Academy and Mossbourne Riverside Academy), which are all situated in the London Borough of Hackney, London. Mossbourne Community Academy took its first cohort of year 7 pupils in September 2004 and now has approximately 1,350 pupils across years 7 to 13.

Both Mossbourne Parkside Academy and Mossbourne Riverside Academy joined the Federation on 1 September 2015. Mossbourne Parkside Academy was previously a Local Authority maintained school, Brook Community Primary School and has approximately 450 pupils. The Chief Executive Officer of the Federation was the Executive Principal of this school prior to conversion. Mossbourne Riverside Academy is a new school, which opened in temporary accommodation within Mossbourne Parkside Academy with only one class of 30 pupils. The school moved to its permanent site in September 2016 and will continue to grow by an additional year group each year until it reaches its capacity of 660 pupils in approximately 2022.



The map above shows the locations of the four schools in the Mossbourne Federation, all of which are located in the London Borough of Hackney.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Federation trust is a company limited by guarantee with no share capital (registration no 4468267) and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the Federation trust. The Trustees of Mossbourne Federation are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Mossbourne Federation.

Details of the Trustees who served during the year are included in the legal and administrative information on pages 1 to 3.

Members' Liability

Every 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors' and Officers' insurance

In accordance with normal commercial practice the Federation has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions whilst on Federation business. The insurance provides cover up to £2,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the charitable company one-third of the Trustees retire by rotation. The Trustees to retire are those who have been longest in office since their last election or appointment.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal financial matters. All new Trustees will be given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as Trustees.

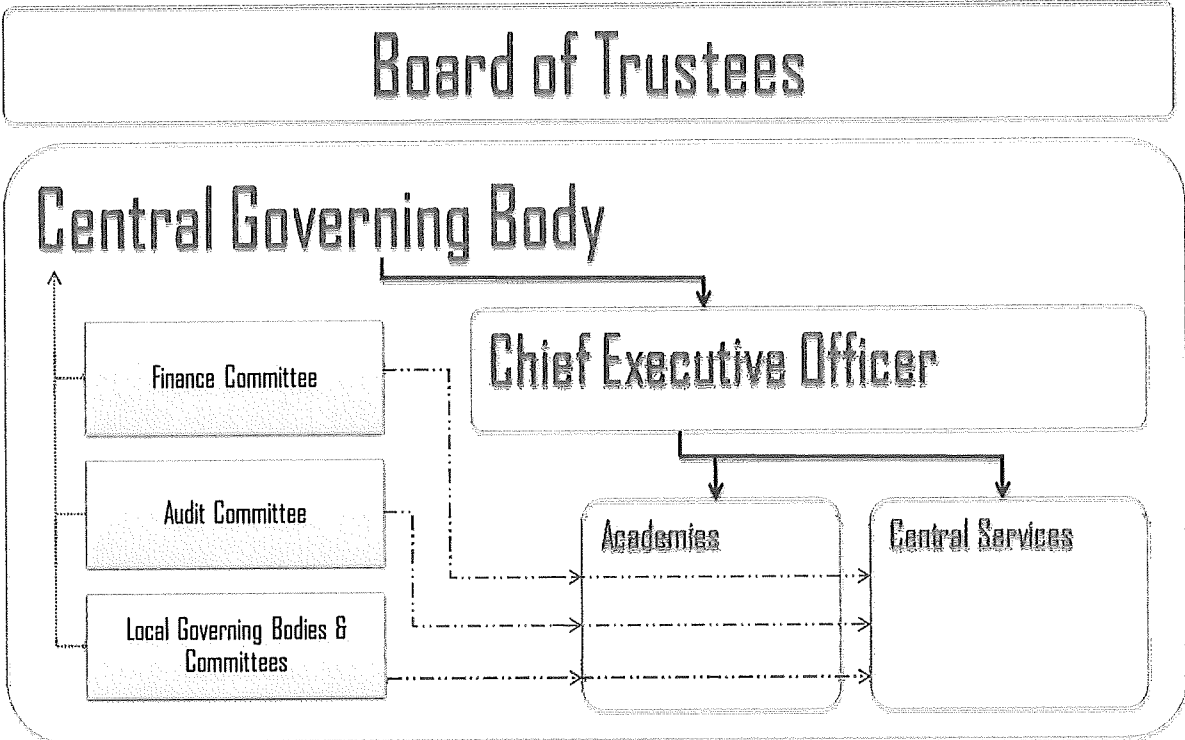
Organisational Structure

The aim of the leadership and management structure is to devolve responsibility and encourage involvement in decision making at all levels.

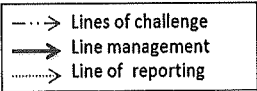
The Mossbourne Federation's governance structure consists of five levels:

1. The Trustees
2. Federation Central Governing Body
3. Federation sub-committees
4. Local Governing Bodies
5. Principal(s) and their Senior Leadership Teams

Please see the organogram below/on the next page:



* This document is to support the scheme of delegation. If in any doubt please consult the scheme of delegation



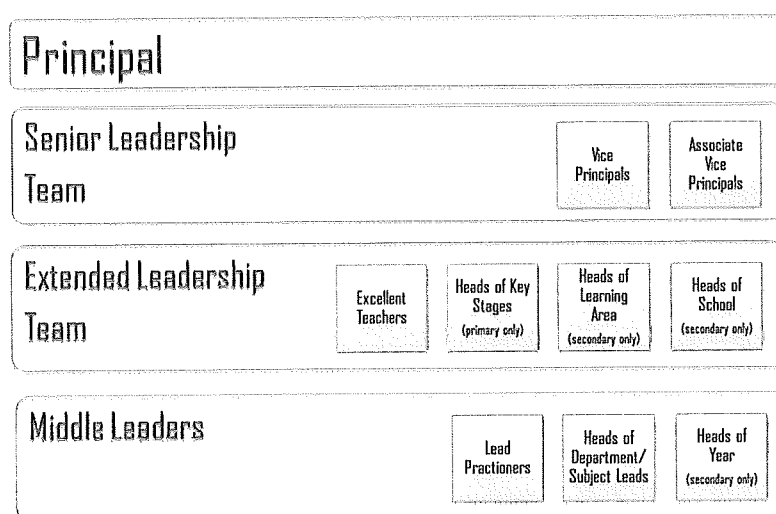
STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

The Trustees, Federation Central Governing Bodies, Committees and Local Governing Bodies, are responsible for setting the strategic direction of the Federation and its academies. This is done by adopting an annual plan and budget, monitoring the performance of the academies (delegated to the audit committee, which has a dual function of both finance and resources scrutiny, and also the evaluation of academic standards) and making major decisions about capital expenditure and senior staff appointments. Continued improvement, and increased effectiveness of governance, is a priority for Trustees. To this end, the role of the governing bodies (Central and Local), is codified in the Mossbourne Federation's Governors Handbook and the Federation scheme of delegation. These documents set out the full scope and remit of the role and work of governors.

Peter Hughes is the CEO of the Federation, and continues to hold the position of Principal of Mossbourne Community Academy (MCA). The leadership structure of secondary & primary schools can be seen in the organogram below.

Leadership Organigram



STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

These leaders have day-to-day operational responsibility for each academy, being accountable to the Principal and the Local Governing Body. The Senior Leadership Team of each academy is responsible for the authorisation of spending and appointments in line with the Federation scheme of delegation. Emphasis this year has continued to be on devolving aspects of leadership to the middle leadership tier within the Federation, ensuring they have the required skills to carry out their role. This includes spending control for each Learning Area (secondary) or Key Stage (primary), with which, for any limits above the delegated threshold, their line manager must sign.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body has delegated its pay powers to the Joint Finance, Pay and Personnel Committee. The Committee, based on recommendation from the CEO, approves pay award for management personnel. Pay awards are based on data obtained through benchmarking as well as performance.

The CEO's pay is reviewed annually by the Central Governing Body.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
1	0.88

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£1,755
Total pay bill	£15,878,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.01%

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected Organisations including Related Party Relationships

The original sponsor of Mossbourne Community Academy (now sponsor of the Mossbourne Federation) was Sir Clive Bourne and is now The Sir Clive Bourne Charitable Trust. Since the Federation's founding they have donated £2,281,798 to assist the Federation in achieving its objectives.

Subsidiary Entity

The Federation has a wholly owned subsidiary entity, MossPAM Limited (company number 10248621). The company was incorporated on 23rd June 2016 under the Companies Act 2006 as a private company limited by shares.

The Federation also has a dormant subsidiary entity, the Mossbourne Academy Land Trust (exempt charity) which has been dormant since incorporation.

OBJECTIVES AND ACTIVITIES

Objects and aims

The vision statement of the Mossbourne Federation is:

The Mossbourne Federation's Mission is to establish exceptional schools.

Mossbourne schools: Lead, transform and excel.

Our vision and mission is underpinned by three core values, upheld by all students, parents, staff and governors.

Excellence: doing everything as well as we can - always

No Excuses: believing that anything is possible - we never give up

Unity: working together towards our goals - with integrity

Through upholding these core values, we will be the first academy federation whose schools are without exception, exceptional.

Three Core Values

1. Excellence

By always doing everything as well as we can, we maximise students' learning potential. We offer a broad, balanced curriculum, well matched to learners' needs and aspirations - one which will ensure excellent outcomes for all. In our calm, studious learning environment, students develop the independent study skills necessary to become lifelong, well-rounded learners, equipped for the future. Based on respect for each other, we recognise and value the crucial role played by strong partnerships between students, parents, our governing body and our wider community.

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

2. No Excuses

Believing that anything is possible develops an ethos of aspiration, perseverance and resilience amongst both students and staff. Our 'tough love' approach means we aim never to give up on a child - we just need to work harder and go that 'extra mile'. We celebrate success, and recognise that attention to detail, and looking at what could be done better will ensure we constantly strive for improvement.

3. Unity

Shared goals create a climate of aspiration where self-critical schools, working in partnership with each other and within each community, constantly drive up standards. Honesty, integrity, and self-reflection form the basis of the shared values and aspirations of students, parents, staff and governors.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Federation's objectives and aims and in planning future activities for the year. The Trustees consider that the Federation's aims are demonstrably to the public benefit.

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Federation aims to establish equal opportunity in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the schools within the Federation. The policy of the Federation is to support recruitment and retention of students and employees with disabilities. The Federation achieves this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REPORT

Achievements and Performance

Secondary

As a result of Mossbourne's nationally recognised reputation for excellence, both secondary academies are heavily oversubscribed for entry into Year 7. There were 141 applicants who met the criteria to join the Mossbourne Sixth Form in September 2017.

The first set of external GCSE data for Mossbourne Victoria Park was the Year 10 GCSE Short Course in Religious Studies, a course also taken by MCA students. The MCA results were extremely high: 73% grades 7-9 with an average grade of 7.3 and a value added score of +2.5. The MVPA results were also exceptional: 67% grades 7-9 with an average grade of 6.9 and a value added score of +2.2.

Internal results from Mossbourne Victoria Park Academy show that outcomes for pupils in years 7-10 are matching, if not exceeding those of pupils at Mossbourne Community Academy.

Secondary - GCSE

Progress and attainment at MCA continue to be outstanding. MCA's progress 8 score in 2018 was +1.06 (unvalidated), which means that on average students achieve +1.06 grade above expected values in all subjects they take.

The 2018 attainment 8 score for MCA was 59.4, which means an average grade of 5.94 using the new GCSE scale of 1 to 9. The national attainment 8 score in 2018 was 44.3 and the Hackney schools attainment 8 score as 48.8. This data is available on the DFES Performance Tables websites though will not be validated until January 2019.

MCA's basics and Ebacc scores of 70% and 53% respectively were significantly above Hackney and national averages. A high proportion 95% of pupils continue to follow an Ebacc qualifying curriculum.

Secondary - A Level

The Mossbourne Sixth Form's outcomes continue to be outstanding. The average grade of students was a B, which is above local and national averages. The percentage of top grades A & A* was 42%. A total of 91% of grades were A* to C. 8 students progressed to study at Oxford or Cambridge. 86% of students progressed to university study with 45% achieving places at Russell Group universities.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Primary

Outcomes in the early year foundation stage for Mossbourne Riverside Academy (MRA) and Mossbourne Parkside Academy (MPA) continue to be above national average at 85% and 75% respectively. The outcomes of the national phonics screening for MRA was 96%, an exceptional result. MPA phonics screening check result rose significantly to 81%, compared to a national average of 83%.

Attainment in Year 6 at MPA was broadly in-line with national averages for Maths (76%) and Reading (66%), SPaG and Writing were below the national averages. All values put MPA above the DfE set floor standard and contributed to a progress (Value Added) value of 0.0 in all 3 core subjects indicating that pupils had made progress in-line with the national average expectation. In Year 2 outcomes were below national expectations.

MRA had an excellent first set of Key Stage 1 outcomes, all above national with 87% expected in Maths, Reading and Writing.

The Curriculum

The Federation's secondary schools run a single curriculum adapted to local need, as do the Federation's two primary schools. The Federation curriculum is extended and personalised to meet the needs of all learners. Flexibility in the curriculum allows for adaptations to be made that are responsive to the needs of both individuals and groups of pupils as they progress through all of the Federation's academies.

There are five key principles underpinning the design of the Federation's curriculum.

- ◆ All pupils have access to a broad, balanced and coherent curriculum that supports learning
- ◆ A strong core ensures that basic skills are embedded at an early stage so that pupils are able to access the wider curriculum
- ◆ An extended curriculum ensures all pupils have access to catch-up, extension and enrichment
- ◆ The curriculum is fully personalised and inclusive and meets the needs of individual pupils at every Key Stage
- ◆ ICT is used to enhance teaching and learning and is embedded across the curriculum

There is a combination of setting and mixed ability within the curriculum at both primary and secondary level. There is a heavy emphasis on differentiated teaching and resources to ensure that each student is fully extended. Regular and consistent assessment in tracking pupil progress across the curriculum means regular pupil movement between sets.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Curriculum (continued)

Groups containing children with special needs are provided with additional support from teaching and support staff. Gifted and Talented children in particular areas of the curriculum are identified and provided with extension work and enrichment activities.

Charitable Achievements

Pupils within the Federation have once again made contributions to a variety of charities. Our choice of charities has been based on previous years, following the usual guidelines of a mix of local, national and international charities and the suggestions of pupil representatives.

Staff achievements

The Schools Direct Programme has proved extremely successful again this year. All six trainees successfully completed the programme and three have been appointed to NQT points within the Federation.

Going concern

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

FINANCIAL REVIEW

Financial and risk management objectives and policies

Risk management

The Trustees and Governors have assessed the major risks to which the Federation is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of each Academy, and its finances. The Trustees and Governors have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors (Disclosure and Barring Service checks), and supervision of school grounds) and internal financial controls (see pages 19 to 24) to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Federation has an effective system of internal financial controls and this is explained in more detail in the governance statement.

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies

Risk management (continued)

The Finance Committee of the Governing Body periodically reviews the short to medium term investment decisions of the treasury management function. This is to ensure that the level of risk being taken is appropriate and in line with the Federation's investment objectives. The objective of the Federation is to ensure that surplus funds invested are in relatively risk free vehicles so to avoid any diminution in capital value and maintain a guarantee of funds withdrawal when required to meet short-term cash needs.

The Mossbourne Federation consistently evaluates the probability of financial risks and actions taken to mitigate any potential or identified risks are brought to the attention of the Governing Body for approval. Events such as interest rate fluctuations, changes in education funding policies and other macro-economic variables are tracked and used to balance the Federation's risk exposure accordingly. Within this framework, the Senior Leadership Team of each school makes recommendations to the Governing Body on risk management policies covering the compliance, financial and operational risk areas and following their approval, the risk management systems are implemented and monitored to ensure their effectiveness. To this end, the Federation's risk register is reviewed and updated half-yearly with the purpose of informing the Audit Committee on any changes and newly identified risks. This provides the opportunity for the committee members to challenge each Academy's position in relation to specific or collective risks.

Financial report for the year

Most of the Federation's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Federation also receives grants for fixed assets from the ESFA and its sponsors the late Sir Clive Bourne and the Sir Clive Bourne Charitable Trust. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The fixed asset fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £23,705,000 (2017 - £21,370,000), was covered by recurrent grant funding and reserves from the ESFA together with other income (after excluding restricted fixed asset funds).

The in-year operational surplus for the year (excluding movement on the fixed asset fund and the Local Government Pension Scheme fund) was £286,000 (2017 - £1,994,000).

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies (continued)

Principal risks and uncertainties

The following are the principal risks and uncertainties facing the Federation:

- a) **Ability to manage Growth:** Expansion of the Federation to encompass three other schools on different locations within a single Federation structure could have a negative impact should any school fail to meet expected standards. This risk is being managed through the careful selection of expansion opportunities, a measured approach for implementation and strengthening of leadership capacity to manage expansion without compromising quality and standard of educational provision. Close oversight is provided by local Governing Bodies, Sponsors, Local Authority and the Education and Skills Funding Agency all aiming to ensure smooth delivery.
- b) **Governance and oversight:** The Chief Executive Officer and school Principals must be provided with appropriate support and challenge across the three core areas of risk - standards, safeguarding and solvency. The Federation aims to enshrine an appropriate governance structure involving appropriately skilled governors possessing a core understanding of the Mossbourne ethos and values plus the different skill sets necessary to provide that support and challenge. Governors may be reassigned across the Federation to optimise their skill sets. Training programmes have been and will be arranged to offer suitable training for existing governors to enhance their effectiveness. High quality clerking support is given by Academies to governors as well as independent access to records.
- c) **Key staff recruitment and retention:** Success of the Federation depends upon excellent staff able to provide an environment best suited for pupils to learn. Recruitment must reflect the need to attract those suitably qualified to maintain and improve established standards. The human resource team consistently adopt rigorous employee vetting procedures, references and checks. Each Academy invests significantly in a performance appraisal system aiming to recognise and reward high performance. Regular one on one interviews and CPD programmes are put in place to promote job satisfaction and staff retention.

Financial position and reserves policy

Financial position

At 31 August 2018 the net book value of fixed assets was £75,994,000 (2017 - £77,561,000) and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Federation.

FINANCIAL REVIEW (continued)

Financial position and reserves policy (continued)

Financial position (continued)

The Federation held fund balances at 31 August 2018 of £79,728,000 (2017 - £80,293,000) comprising £77,289,000 (2017 - £78,394,000) of restricted funds including a pension reserve deficit of £1,331,000 (2017 - £2,047,000) and unrestricted funds of £2,439,000 (2017 - £1,899,000).

Reserves policy

The Finance Committee and the Central Governing Body review the reserve levels of the Federation annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Federation requires reserves to cover delays between spending and receipt of grants and to deal with unexpected emergencies such as urgent maintenance. In addition, the Federation currently requires reserves to manage the current uncertainty regarding funding levels in the sector and to ensure that adequate funds are available for ongoing capital maintenance.

As at 31 August 2018, the Federation's revenue reserves comprised £2,439,000 (2017 - £1,899,000) of unrestricted funds and £2,626,000 (2017 - £2,880,000) of restricted ESFA and other restricted general funds. The Trustees believe that these reserves may appear high in comparison to the sector, however, in the above context are not excessive and are necessary in the light of the uncertainty in funding. Included in restricted funds is £22,038 (2017 - £376,000) received from the Condition Improvement Fund which were unspent at the year-end but were subsequently committed after the year-end.

Investment Policy

The Finance Committee monitors the treasury management activities and strategies to ensure maximum returns are derived on Federation cash balances. Cash balances that are surplus to the Federation's day to day operational requirements are invested in low-risk investment vehicles such as Fixed Rate Deposits and other Money Market products. The amounts held as investment deposits are reviewed periodically taking into consideration factors such as counterparty risks, interest rates risk and liquidity risks. These are put in place to not only ensure the achievement of the investment objectives, but that the immediate financial needs and the future spending commitments of the Federation are protected.

FUNDRAISING

The Federation does not engage the services of professional fundraisers. However, it employs a Partnership Manager who actively seeks to maximise income through donations for specific projects. The Federation received no complaints during the year in respect of fundraising.

PLANS FOR FUTURE PERIODS

The creation of The Mossbourne Federation has been extremely successful. The Federation now has four schools, two primary and two secondary academies, and has no plans at present to expand the number of academies within the Federation. Mossbourne Riverside will continue to grow year on year and is expected to reach capacity in September 2022.

The Mossbourne Federation aims to:

- ◆ To establish a cohesive federation of exceptional schools that work cooperatively to achieve the best outcomes for every child
 - a. To be renowned as an employer of choice for all staff
- ◆ To ensure every student receives a broad and balanced education, delivered in an environment that enhances opportunity to:
 - a. Ensure all students upon exit, have developed their academic abilities and extracurricular talents such that they may flourish in the next stage of their life
 - b. Sustain and enhance the reputation of Mossbourne alumni for being excellent employees
 - c. Ensure all Mossbourne staff operate with maximum effect to support outcomes for children
- ◆ To establish the Central Services function as a proficient, customer focused and cost effective service
- ◆ To generate at least 10% of the Federation's total income from non-government sources to allow greater flexibility in meeting the needs of students:
 - a. To develop the capacity and expertise in order to provide short-term (two year) support to schools outside of the Federation for teaching, learning and leadership
 - b. To develop the capacity in order to provide an external Central Service function for partner schools.

Trustees' report Year to 31 August 2018

AUDITOR

In so far as the Trustees are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the board of Trustees, as the company's directors, on 12 December 2018 and signed on the board's behalf by:



Trustee

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Mossbourne Federation 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 Central Governing Body has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Federation and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Central Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. Attendance during the year at meetings of the Federation Central Governing Body was as follows:

Governor	Number of meetings attended	Out of a possible
Henry Colthurst	2	3
Robert Feld	3	3
Maggie Kalnins	2	3
Samantha Lloyd	3	3
Slyvie Pierce	2	3
Philip Woodhouse	3	3

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to ensure the future financial stability of the Federation and plan so that the Federation has the financial resources available to achieve its school improvement plan. To achieve these aims, the Committee monitors and reviews the Federation's financial procedures, and income and expenditure on a regular basis, to ensure compliance with the Federation financial plan and financial regulations as set out by the Federation, the Department for Education, Companies House and the Charity Commission.

Governance (continued)

The Committee approves the Federation budget taking account of its indicative funding and the Federation's future development plan. In addition to financial matters, the Committee also oversees the capital assets (in particular land and buildings) of each Academy and makes proposals on any issues arising. Attendance at meetings in the year was as follows:

Member	Number of meetings attended	Out of a possible
Andrew Catwright	2	3
Robert Feld	3	3
Katy de Laszlo	2	3
Samantha Lloyd	1	3
Mark Tufnell	2	3
Ibrahim Usman (from Feb 2018)	2	2

The Audit Committee is also a sub-committee of the Federation Central Governing Body. Its purpose is to ensure that there are effective arrangements in place for governance, risk management and internal control for the Federation and all schools within it. It will review the risk register of the Federation, legislation and auditor's reports and make recommendations to the Governing Body in response to those findings.

Attendance at meetings in the year was as follows:

Member	Number of meetings attended	Out of a possible
Martin Buck	1	2
Henry Colthurst	2	2
Rex Regan (from May 2018)	1	1
Jenny Watson (from May 2018)	1	1
Philip Woodhouse	2	2

Governance reviews

The Federation regularly conducts skills audits to ensure each governing body has the correct skill set to ensure effective governance. The Federation also compiled all documents together with other valuable information into a Governors' Handbook which now forms the basis for the induction process for all new governors. We also delivered further training for governors, and improved our clerking support to our local governing bodies.

In addition, the Federation is due to commence a comprehensive external review of the governance arrangements during the 2018/19 academic year.

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Federation 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 Federation's use of its resources has provided good value for money during the academic year, and reports to the board of Trustees where value for money can be improved, including the use on benchmarking data where available. The Accounting Officer for the Federation has delivered and improved value for money during the year by:

1. *Improved educational standard and performance of pupils*

Mossbourne Community Academy pupils consistently make outstanding progress. The high grades recorded in GCSE results again positions it as one of the country's leading Academies. This culture of excellence has become embedded into Mossbourne Victoria Park Academy right from inception, and collectively students within the Mossbourne Federation continue to make good progress right through their educational journey.

The improved educational outcomes are the results of significant investment in tracking systems that detect underperforming pupils and target interventions that rapidly turn-around their attitude to learning and ultimately improve their attainment levels. In addition to that, the consistent engagement of parents and carers in the recognition of the impact of attendance on attainment has led to above national average attendance levels for MCA (97.1%) and MVPA (97.0%).

Financial and non-financial resources are set aside to consistently provide flexible learning choices through the implementation of technology driven solutions to aid teaching and learning. An example of this is found at Mossbourne Community Academy with over 1,000 lesson observations carried out, of which 98% were regarded as either good or outstanding.

2. *Governance and oversight of academy finance*

The Mossbourne Federation provides training for its members and Trustees to ensure they have a full understanding of the governance arrangements and are equipped with the necessary skills to support and challenge the leadership of the schools. As part of their oversight functions, the governors ensure that key priorities from strategic review are incorporated into the School Development Plan.

Review of value for Money (continued)

Independent assurance work on internal controls is carried out to ensure that the Federation's financial systems and the maintenance of robust controls are not in any way compromised.

The Local and Central Governing Bodies, through the combined Finance Pay and Personnel Committees, review the academy's periodic budget performance report as presented to it by the Chief Operating Officer of Finance. With this report featuring the income and expenditure and the projected year-end position against budget, governors are able to challenge academy spending decisions with a view to ensuring best value within the current funding climate.

1. Maximising income generation and cost optimisation

The Federation continues to explore new opportunities to improve its income generating capacity.

Through measures such as collaborative negotiations alongside other academies in the borough and competitive tendering, the Federation has been able to achieve cost savings and economies of scale in its purchases.

The Trustees of The Mossbourne Federation regularly review and assess the major risks facing the Federation with a view to ensuring that appropriate insurance policy cover is in place.

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 the Federation's 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 at the Federation for the year ended 31 August 2018 and up to the date of approval of the Trustees' report and financial statements.

Capacity to handle risk

The Central Governing Body has reviewed the key risks to which the Federation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Central Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the Federation's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Central Governing Body and the Audit Committee.

The risk and control framework

The Federation'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 Central Governing Body;
- ◆ regular reviews by the Finance and General Purposes 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; and
- ◆ identification and management of risks.

The Central Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed a firm of external auditors to perform assurance work on the internal controls as permitted by the Academies Financial Handbook. The work includes giving advice on financial matters and performing a range of checks on the Federation's financial systems. Reports are made on a termly basis to the Trustees on the operation of the systems of control and on the discharge of the Central Governing Body's financial responsibilities. No material weaknesses were identified.

Review of effectiveness

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

- ◆ the assurance work on internal controls;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process; and
- ◆ the work of the Senior Leadership Team within each Academy who have responsibility for the development and maintenance of the internal control framework.

Review of effectiveness (continued)

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 general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Trustees and signed on their behalf by:



(Trustee)



(Chief Executive Officer and
Accounting Officer)

Approved on: 12 December 2018

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of the Mossbourne Federation, I have considered my responsibility to notify the academy trust governing body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



Accounting Officer

Date: 12 December 2018

Statement of Trustees' responsibilities 31 August 2018

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Federation will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Federation's transactions and disclose with reasonable accuracy at any time the financial position of the Federation 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 Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Federation 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 ESFA have been applied for the purposes intended.

Statement of Trustees' responsibilities 31 August 2018

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the Federation'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 and signed on its behalf by:



Chair of Trustees

Date: 12 December 2018

**Independent auditor's report on the consolidated financial statements to the members of
The Mossbourne Federation 31 August 2018**

Opinion

We have audited the financial statements of The Mossbourne Federation (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 August 2018 which comprise the group statement of financial activities, the balance sheets, the consolidated statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ♦ give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 August 2018 and of the group's income and expenditure for the year then ended;
- ♦ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ♦ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ♦ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

- ♦ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

**Independent auditor's report on the consolidated financial statements to the members of
The Mossbourne Federation 31 August 2018**

Conclusions relating to going concern (continued)

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

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

**Independent auditor's report on the consolidated financial statements to the members of
The Mossbourne Federation 31 August 2018**

Matters on which we are required to report by exception (continued)

- ◆ 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 or returns; or
- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report on the consolidated financial statements to the members of
The Mossbourne Federation 31 August 2018

Use of our report

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

Buzzacott LLP

Hugh Swainson (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2018

Independent reporting accountant's assurance report on regularity of The Mossbourne Federation and the Education and Skills Funding Agency 31 August 2018

In accordance with the terms of our engagement letter dated 24 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Mossbourne Federation during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Mossbourne Federation Accounting Officer and the reporting auditor

The Accounting Officer is responsible, under the requirements of The Mossbourne Federation funding agreement with the Secretary of State for Education dated 6 April 2004 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Independent reporting accountant's assurance report on regularity of The Mossbourne Federation and the Education and Skills Funding Agency 31 August 2018

Approach (continued)

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.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19 December 2018

Consolidated Statement of financial activities for the year to 31 August 2018
(including Income and Expenditure Account)

		Unrestricted	Restricted funds		Total	Total
	Notes	general fund £'000	General funds £'000	Fixed assets £'000	funds 2018 £'000	funds 2017 £'000
Income from:						
Donations and capital grants	2	—	35	170	205	12,353
<i>Charitable activities:</i>						
. Funding for the Federation's educational operations	5	82	20,608	—	20,690	19,201
Other trading activities	3	993	—	—	993	797
Investments	4	—	—	—	—	34
Total income		1,075	20,643	170	21,888	32,385
Expenditure on:						
<i>Raising funds</i>	6	59	—	—	59	—
<i>Charitable activities</i>						
. Federation's educational operations	7	476	20,910	2,260	23,646	21,370
Total expenditure	6	535	20,910	2,260	23,705	21,370
Net income/expenditure		540	(267)	(2,090)	(1,817)	11,015
Transfers between funds	19	—	(523)	523	—	—
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	24	—	1,252	—	1,252	2,009
Net movement in funds		540	462	(1,567)	(565)	13,024
Reconciliation of funds						
Fund balances brought forward at 1 September 2017		1,899	833	77,561	80,293	67,269
Fund balances carried forward at 31 August 2018		2,439	1,295	75,994	79,728	80,293

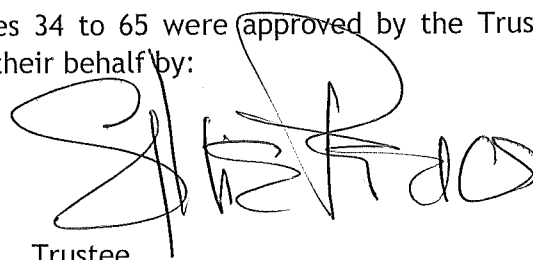
Balance sheets at 31 August 2018

	Notes	Group 2018 £'000	Academy 2018 £'000	Group 2017 £'000	Academy 2017 £'000
Fixed assets					
Intangible assets	14	51	51	3	3
Tangible assets	15	75,943	75,942	77,558	77,556
		<u>75,994</u>	<u>75,993</u>	<u>77,561</u>	<u>77,559</u>
Current assets					
Debtors	16	1,138	1,168	830	871
Cash at bank and in hand		7,327	7,291	5,856	5,833
		<u>8,465</u>	<u>8,459</u>	<u>6,686</u>	<u>6,704</u>
Liabilities					
Creditors: amounts falling due within one year	17	(3,200)	(3,155)	(1,707)	(1,687)
Net current assets		<u>5,265</u>	<u>5,304</u>	<u>4,979</u>	<u>5,017</u>
Total assets less current liabilities		81,259	81,297	82,540	82,576
Provisions	18	(200)	(200)	(200)	(200)
Net assets excluding pension scheme liability		81,059	81,097	82,340	82,376
Defined benefit pension scheme liability	24	(1,331)	(1,331)	(2,047)	(2,047)
Total net assets		<u>79,728</u>	<u>79,766</u>	<u>80,293</u>	<u>80,329</u>
Restricted funds					
. Fixed asset fund	19	75,994	75,993	77,561	77,559
. Restricted income fund	19	2,626	2,626	2,880	2,880
. Pension reserve	19	(1,331)	(1,331)	(2,047)	(2,047)
Total restricted funds		<u>77,289</u>	<u>77,288</u>	<u>78,394</u>	<u>78,392</u>
Unrestricted general funds					
. General fund	19	2,439	2,478	1,899	1,937
. Funds retained with subsidiary		—	—	—	—
Total funds		<u>79,728</u>	<u>79,766</u>	<u>80,293</u>	<u>80,329</u>

The financial statements on pages 34 to 65 were approved by the Trustees on 12 December 2018 and signed on their behalf by:



Trustee
Company number 4468267



Trustee

Consolidated Statement of cash flows year to 31 August 2018

		2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	A	1,959	986
Cash flows from investing activities	B	(488)	(191)
Change in cash and cash equivalents in the year	C	1,471	795
Cash and cash equivalents at 1 September 2017		5,856	5,061
Cash and cash equivalents at 31 August 2018	D	7,327	5,856

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

	2018 £'000	2017 £'000
Net (expenditure) income for the year (as per the statement of financial activities)	(1,817)	11,015
Adjusted for:		
Amortisation charge (note 14)	27	23
Depreciation charge (note 15)	2,241	2,352
Proceeds from sale of tangible fixed assets	(43)	—
Capital grants from DfE and other capital income	(170)	(400)
Inherited fixed assets	—	(11,940)
Interest receivable (note 4)	—	(34)
Defined benefit pension scheme cost less contributions payable (note 24)	478	543
Defined benefit pension scheme finance cost (note 24)	58	79
Increase in debtors	(308)	(84)
Increase/(decrease) in creditors	1,493	(568)
Net cash provided by operating activities	1,959	986

B Cash flows from investing activities

	2018 £'000	2017 £'000
Dividends, interest and rents from investments	—	34
Proceeds from sale of tangible fixed assets	43	—
Purchase of tangible fixed assets	(626)	(625)
Purchase of intangible fixed assets	(75)	—
Capital grants from DfE/ESFA	170	400
Net cash used in investing activities	(488)	(191)

C Analysis of changes in net funds

	At 1 September 2017 £'000	Cash flows £'000	At 31 August 2018 £'000
Change in cash and cash equivalents in the year	5,856	1,471	7,327

Consolidated Statement of cash flows year to 31 August 2018

D Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	7,327	5,856
Total cash and cash equivalents	7,327	5,856

Principal accounting policies year to 31 August 2018

Statement of 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.

Basis of preparation

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

The financial statements are presented in sterling to the nearest thousand pounds.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the academy trust and those of its subsidiary company, Moss Pam Ltd, made up at the balance sheet date.

No separate statement of financial activities has been presented for Mossbourne Federation alone, as permitted by section 408 of the Companies Act 2006 and SORP 2015.

Going concern

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

Principal accounting policies year to 31 August 2018

Income

All income is recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

The General Annual Grant is recognised in full in the statement of financial activities 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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Principal accounting policies year to 31 August 2018

Income (continued)

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

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

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Principal accounting policies year to 31 August 2018

Intangible fixed assets

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- ♦ Purchased computer software - over three years

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the expected useful economic life of the related asset on a basis consistent with the Federation's depreciation policy.

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

- | | |
|---------------------------------|------------------|
| ♦ Computer equipment | over three years |
| ♦ Motor vehicles | over four years |
| ♦ Sports equipment | over five years |
| ♦ Furniture and other equipment | over ten years |
| ♦ Land and buildings | over fifty years |

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.

Principal accounting policies year to 31 August 2018

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Principal accounting policies year to 31 August 2018

Financial instruments (continued)

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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.

Principal accounting policies year to 31 August 2018

Pensions benefits (continued)

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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

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

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

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 areas of judgement (continued)

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the financial statements year to 31 August 2018

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded these limits during the year ended 31 August 2018.

2 Donations and capital grants

	Unrestricted fund £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	—	170	170	400
Donated fixed assets	—	—	—	—	11,940
Other donations	—	35	—	35	13
	—	35	170	205	12,353

3 Other trading activities

	Unrestricted fund £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	26	—	26	15
Trip income	119	—	119	97
Catering income	392	—	392	371
Trading subsidiary income	60	—	60	47
Miscellaneous income	396	—	396	267
	993	—	993	797

Notes to the financial statements year to 31 August 2018

4 Investment income

	Unrestricted fund £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Interest receivable	—	—	—	34
	—	—	—	34

5 Funding for the Federation's educational operations

	Unrestricted £'000	Restricted £'000	2018 Total funds £'000	2017 Total funds £'000
DfE/ESFA grants				
- General Annual Grant (GAG) (note 1)	—	17,866	17,866	16,029
- Start Up Grants	—	91	91	123
- Other DfE/ESFA grants	—	1,455	1,455	1,606
	—	19,412	19,412	17,758
Other Government grants				
- Local authority grants	—	1,196	1,196	890
- Other	—	—	—	429
	—	1,196	1,196	1,319
Other income from the academy trust's educational operations				
	82	—	82	124
	82	20,608	20,690	19,201

Notes to the financial statements year to 31 August 2018

6 Expenditure

	Staff costs £'000	Non-pay expenditure		2018 Total funds £'000	2017 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds					
- Direct costs	44	—	15	59	—
	44	—	15	59	—
Federation's educational operations					
- Direct costs	11,065	2,024	1,299	14,388	13,261
- Allocated support costs	4,769	2,050	2,439	9,258	8,109
	15,878	4,074	3,753	23,705	21,370

The method used for the apportionment of support costs is disclosed in the accounting policies.

	2018 £'000	2017 £'000
Net income for the year includes:		
Operating lease rentals	145	148
Depreciation	2,240	2,352
Amortisation	27	23
Fees payable to financial statements auditor:		
.Audit	20	20
.Other services	11	8

7 Charitable activities - Federation's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	14,388	13,261
Support costs	9,258	8,109
	23,646	21,370

	2018 Total funds £'000	2017 Total funds £'000
Analysis of support costs		
Support staff costs	4,769	4,791
Depreciation	236	243
Technology costs	476	361
Premises costs	1,814	1,202
Other support costs	1,936	1,483
Governance costs	27	29
Total support costs	9,258	8,109

Notes to the financial statements year to 31 August 2018

8 Comparative information

Notes	Unrestricted general fund £'000	Restricted funds		Total funds 2017 £'000
		General funds £'000	Fixed assets £'000	
Income from:				
Donations and capital grants	—	13	12,340	12,353
<i>Charitable activities:</i>				
. Funding for the Federation's educational operations	124	19,077	—	19,201
Other trading activities	797	—	—	797
Investments	34	—	—	34
Total income	955	19,090	12,340	32,385
Expenditure on:				
<i>Charitable activities</i>				
. Federation's educational operations	206	18,813	2,351	21,370
Total expenditure	206	18,813	2,351	21,370
Net income	749	277	9,989	11,015
Transfers between funds	(2)	(164)	166	—
Other recognised gains and losses				
Actuarial gains on defined benefit pension schemes	—	2,009	—	2,009
Net movement in funds	747	2,122	10,155	13,024
Reconciliation of funds				
Fund balances brought forward at 1 September 2016	1,152	(1,289)	67,406	67,269
Fund balances carried forward at 31 August 2017	1,899	833	77,561	80,293

9 Staff

a) Staff costs

Staff costs during the period were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	12,077	11,202
Social security costs	1,281	1,162
Pension costs	2,222	2,208
	15,580	14,572
Supply staff costs	280	188
Staff restructuring costs	18	18
	15,878	14,778

9 Staff (continued)

a) Staff costs (continued)

Staff restructuring comprises:

	2018 £'000	2017 £'000
Redundancy payments	—	—
Severance payments	18	18
	18	18

b) Non-contractual staff severance payments

Included in staff restructuring costs is one non-contractual severance payments totalling £18,000 (2017 - three payments totalling £18,243). Individually, the payments were £18,000 (2017 - £8,500, £3,450 and £6,293).

c) Staff numbers

The average number of persons (including senior management team) employed by the Federation during the year ended 31 August 2018 was as follows:

	Full Time Equivalent		Average	
	2018 Number	2017 Number	2018 Number	2017 Number
Charitable activities				
- Teachers and educational support	257	241	275	266
- Administration and support	70	66	94	81
- Management	8	12	8	13
	335	319	377	360

d) Higher paid staff

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2018 expressed as full-time equivalents was as follows:

	2018 Number	2017 Number
£60,001 - £70,000	10	7
£70,001 - £80,000	6	4
£80,001 - £90,000	1	5
£90,001 - £100,000	2	—
£140,001 - £150,000	—	1
£160,001 - £170,000	1	—
	20	17

9 Staff (continued)

d) Higher paid staff (continued)

All of the above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £226,738 (2017 - £218,682).

e) Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance) received by key management personnel for their services to the academy trust was £921,730 (2017 - £897,667).

10 Trustees' remuneration and expenses

The Trustees of the Federation did not receive any payment from the Federation. During the current and comparative years there was no reimbursement of out-of-pocket expenses incurred in the course of their duties.

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

11 Trustees' insurance

In accordance with normal commercial practice the Federation has purchased insurance to protect Trustees from claims arising from negligent acts, errors or omissions whilst on Federation business. The insurance provides cover up to £2,000,000 on any one claim. It is not possible to separately identify the portion of the overall insurance premium attributable to the indemnity policy.

12 Commercial trading operations

The following is a summary of the results for the year and position at the year end for MossPAM Limited which have been included in the financial statements.

	2018 £'000	2017 £'000
Turnover	60	47
Cost of sales	—	—
Gross profit	60	47
Administrative expenses	(58)	(86)
Loss on ordinary activities before taxation	2	(39)
Tax	—	—
Loss on ordinary activities after taxation	2	(39)

Notes to the financial statements year to 31 August 2018

12 Commercial trading operations (continued)

The assets and liabilities of the subsidiary were:

	2018 £'000	2017 £'000
Non-current assets	1	2
Current assets	53	29
Creditors: amounts falling due within one year	(92)	(70)
Total assets less current liabilities	(38)	(39)

13 Central Services

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

- ♦ financial services
- ♦ human resources
- ♦ information and communication technology
- ♦ project management and site services

Central costs were re-charged as follows:

	2018 £'000	2017 £'000
Mossbourne Victoria Park Academy	387	286
Mossbourne Community Academy	836	766
Mossbourne Riverside Academy	93	67
Mossbourne Parkside Academy	223	211
	1,539	1,330

Notes to the financial statements year to 31 August 2018

14 Intangible fixed assets (Group and Academy)

	Computer software £'000
Cost	
At 1 September 2017	137
Additions	75
At 31 August 2018	212
Amortisation	
At 1 September 2017	134
Charge in year	27
At 31 August 2018	161
Net book values	
At 31 August 2018	51
At 31 August 2017	3

15 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Motor vehicles £'000	Total funds £'000
Cost / valuation					
At 1 September 2017	65,887	20,938	5,918	26	92,769
Additions	4	—	622	—	626
Disposals	—	—	(99)	—	(99)
At 31 August 2018	65,891	20,938	6,441	26	93,296
Depreciation					
At 1 September 2017	10,205	595	4,399	12	15,211
Charge for year	1,319	422	493	7	2,241
Disposals	—	—	(99)	—	(99)
At 31 August 2018	11,524	1,017	4,793	19	17,353
Net book values					
At 31 August 2018	54,367	19,921	1,648	7	75,943
At 31 August 2017	55,682	20,343	1,519	14	77,558

Notes to the financial statements year to 31 August 2018

15 Tangible fixed assets (continued)

Academy	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Motor vehicles £'000	Total funds £'000
Cost / valuation					
At 1 September 2017	65,887	20,938	5,915	26	92,766
Additions	4	—	622	—	626
Disposals	—	—	(99)	—	(99)
At 31 August 2018	65,891	20,938	6,438	26	93,293
Depreciation					
At 1 September 2017	10,205	595	4,398	12	15,210
Charge for year	1,319	422	492	7	2,240
Disposals	—	—	(99)	—	(99)
At 31 August 2018	11,524	1,017	4,791	19	17,351
Net book values					
At 31 August 2018	54,367	19,921	1,647	7	75,942
At 31 August 2017	55,682	20,343	1,517	14	77,556

Title to the land at Downs Park Road is registered in the name of the Federation but has not been included in these financial statements because the site is designated for educational purposes only and has no open market value.

16 Debtors

	Group 2018 £'000	Academy 2018 £'000	Group 2017 £'000	Academy 2017 £'000
Trade debtors	110	110	181	181
VAT recoverable	304	311	254	264
Other debtors	19	2	13	4
Prepayments and accrued income	705	705	382	382
Due from trading subsidiary	—	40	—	40
	1,138	1,168	830	871

17 Creditors: amounts falling due within one year

	Group 2018 £'000	Academy 2018 £'000	Group 2017 £'000	Academy 2017 £'000
Trade creditors	1,354	1,354	461	461
Other taxation and social security	363	363	2	2
Other creditors	367	366	130	130
Accruals and deferred income	856	812	1,114	1,094
EFA creditor: abatement of GAG	260	260	—	—
	3,200	3,155	1,707	1,687

Notes to the financial statements year to 31 August 2018

17 Creditors: amounts falling due within one year (continued)

Deferred income	Group 2018 £'000	Academy 2018 £'000	Group 2017 £'000	Academy 2017 £'000
Deferred income at 1 September 2017	196	176	437	437
Released during the year	(196)	(176)	(437)	(437)
Resources deferred in the year	427	384	196	176
Deferred income at 31 August 2018	427	384	196	176

At the balance sheet date the Federation was holding funds received in advance from funding bodies, for educational operations occurring in 2018/19.

18 Provisions

Group and Academy	2018 £'000	2017 £'000
Provisions	200	200
	200	200

The provision of £200,000 is the best estimate of the legal and professional cost to ensure that some defects on the existing building at Mossbourne Community Academy are rectified. The Federation has been and is still undergoing a process of establishing liability for the repair work. The total value of the work cannot currently be estimated and the cost required to ensure the completion of the repair may be in excess of the best estimate that the Federation has provided for.

Notes to the financial statements year to 31 August 2018

19 Funds

The income funds of the Federation comprise the following balances of grants to be applied for specific purposes:

	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2018 £'000
Restricted general funds					
. General Annual Grant (GAG)	930	17,866	(17,577)	(211)	1,008
. Start Up Grant	264	91	—	(90)	265
. Pupil premium	—	1,071	(1,071)	—	—
. Other ESFA grants	392	419	(567)	(222)	22
. Other grants	1,253	1,196	(1,155)	—	1,294
. Donations	41	—	(4)	—	37
. Pension reserve	(2,047)	—	(536)	1,252	(1,331)
	833	20,643	(20,910)	729	1,295
Restricted fixed asset funds					
. Private sector capital sponsorship & Hackney Council	54,679	—	(1,354)	—	53,325
. DfE/ESFA capital grants	19,106	170	(494)	433	19,215
. Capital expenditure from GAG	2,160	—	(290)	—	1,870
. Start up grant	41	—	(78)	90	53
. Implementation grant	24	—	(3)	—	21
. Other government grants	257	—	(32)	—	225
. Private sector capital sponsorship	1,294	—	(9)	—	1,285
	77,561	170	(2,260)	523	75,994
Total restricted funds	78,394	20,813	(23,170)	1,252	77,289
Unrestricted funds					
General funds	1,899	1,075	(535)	—	2,439
Total unrestricted funds	1,899	1,075	(535)	—	2,439
Total funds	80,293	21,888	(23,705)	1,252	79,728

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

Notes

- (i) General Annual Grant (GAG) must be used for the normal running costs of each Academy. Under the funding agreement with the Secretary of State, the Federation and each academy within the trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Note 1 discloses whether the limit was exceeded.
- (ii) Pupil Premium Grant is to support disadvantaged pupils and close the attainment gap between them and their peers.
- (iii) Other funds relate to monies received for specific purposes.

Notes to the financial statements year to 31 August 2018

19 Funds (continued)

(iv) Restricted fixed assets funds were funded by government grants, sponsors or donations. When capital expenditure is incurred a transfer is made from the fund which funded the acquisition to the restricted fixed asset fund. That asset is then depreciated through the restricted fixed asset fund over the lifetime of that asset.

	Total 2018 £'000	Total 2017 £'000
Fund balances at 31 August:		
Mossbourne Community Academy	2,523	2,719
Mossbourne Victoria Park	968	654
Mossbourne Parkside Academy	908	1,067
Mossbourne Riverside Academy	608	380
Central Trust	97	—
Total before fixed assets and pension reserve	5,104	4,820
Restricted fixed asset fund	75,994	77,561
Pension reserve	(1,331)	(2,047)
	79,767	80,334
Subsidiary	(39)	(41)
Total	79,728	80,293

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 Deprecia- tion) £'000	Total £'000
Mossbourne Community Academy	6,428	1,834	659	2,178	11,099
Mossbourne Victoria Park Academy	2,759	974	234	841	4,808
Mossbourne Parkside Academy	1,273	856	309	549	2,987
Mossbourne Riverside Academy	388	263	65	332	1,048
MossPAM	—	44	3	10	57
Central	216	901	31	293	1,441
Mossbourne Federation	11,064	4,872	1,301	4,203	21,440

Notes to the financial statements year to 31 August 2018

19 Funds (continued)

Comparative information

Comparative information in respect of the preceding period is as follows:

	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2017 £'000
Restricted general funds					
. General Annual Grant (GAG)	1,057	16,029	(16,085)	(71)	930
. Start Up Grant	173	123	(32)	—	264
. Pupil premium	—	981	(981)	—	—
. Other ESFA grants	9	625	(223)	(19)	392
. Other grants	878	1,319	(870)	(74)	1,253
. Donations	28	13	—	—	41
. Pension reserve	(3,434)	—	(622)	2,009	(2,047)
	<u>(1,289)</u>	<u>19,090</u>	<u>(18,813)</u>	<u>1,845</u>	<u>833</u>
Restricted fixed asset funds					
. Private sector capital sponsorship & Hackney Council	43,756	11,995	(1,238)	166	54,679
. DfE/ESFA capital grants	19,231	345	(470)	—	19,106
. Capital expenditure from GAG	2,447	—	(287)	—	2,160
. Start up grant	113	—	(72)	—	41
. Implementation grant	27	—	(3)	—	24
. Other government grants	529	—	(272)	—	257
. Private sector capital sponsorship	1,303	—	(9)	—	1,294
	<u>67,406</u>	<u>12,340</u>	<u>(2,351)</u>	<u>166</u>	<u>77,561</u>
Total restricted funds	<u>66,117</u>	<u>31,430</u>	<u>(21,164)</u>	<u>2,011</u>	<u>78,394</u>
Total unrestricted funds	<u>1,152</u>	<u>955</u>	<u>(206)</u>	<u>(2)</u>	<u>1,899</u>
Total funds	<u>67,269</u>	<u>32,385</u>	<u>(21,370)</u>	<u>2,009</u>	<u>80,293</u>

Notes to the financial statements year to 31 August 2018

20 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted funds		Total 2018 £'000
		General £'000	Fixed asset £'000	
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	—	—	51	51
Tangible fixed assets	—	—	75,943	75,943
Current assets	2,439	6,026	—	8,465
Current liabilities	—	(3,200)	—	(3,200)
Non-current liabilities	—	(200)	—	(200)
Pension scheme liability	—	(1,331)	—	(1,331)
Total net assets	2,439	1,295	75,994	79,728

Academy Trust	Unrestricted funds £'000	Restricted funds		Total 2018 £'000
		General £'000	Fixed asset £'000	
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	—	—	51	51
Tangible fixed assets	—	—	75,942	75,942
Current assets	2,478	5,981	—	8,459
Current liabilities	—	(3,155)	—	(3,155)
Non-current liabilities	—	(200)	—	(200)
Pension scheme liability	—	(1,331)	—	(1,331)
Total net assets	2,478	1,295	75,993	79,766

21 Capital commitments

	2018 £'000	2017 £'000
Authorised and contracted for	—	126

22 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	41	148
Amounts due between two and five years inclusive	41	79
	82	227

23 Members' liability

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

24 Pension commitments and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

24 Pension commitments and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,255,000 (2017 - £1,157,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

24 Pension commitments and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was 649,000 (2017 - £670,178), of which employer's contributions totalled £494,000 (2017 - £509,312) and employees' contributions totalled £155,000 (2017 - £160,866). The agreed contribution rates for future years were:

Full time equivalent salary	Contribution rate per year
£0 - £13,600	5.5%
£13,001 - £21,200	5.8%
£21,201 - £34,400	6.5%
£34,401 - £43,500	6.8%
£43,501 - £60,700	8.5%
£60,701 - £86,000	9.9%
£86,001 - £101,200	10.5%
£101,201 - £151,800	11.4%
£151,801 or more	12.5%

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	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.4%	3.5%
Rate of increase for pensions in payment / inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.3%	2.4%

Notes to the financial statements year to 31 August 2018

24 Pension commitments and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.2	22.0
Females	24.2	24.0
<i>Retiring in 20 years</i>		
Males	23.6	24.0
Females	25.7	26.0
	At 31 August 2018 £'000	At 31 August 2017 £'000
Sensitivity analysis		
Discount rate -0.5%	313	316
Salary rate +0.5%	59	59
Pension rate +0.5%	247	247

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	5,477	4,595
Bonds	1,096	1,070
Property	730	629
Total market value of assets	7,303	6,294
Present value of scheme liabilities	(8,634)	(8,341)
Deficit in the scheme	(1,331)	(2,047)

24 Pension commitments and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2018 £'000	2017 £'000
Current service costs (net of employer contributions)	478	543
Net interest cost	58	79
Total amount recognised in the SoFA	536	622
 Analysis of other recognised gains and losses		
Actuarial gain on defined benefit obligation	998	1,783
Actuarial gain on pension scheme assets	254	226
Net actuarial gain (loss)	1,252	2,009

Movement in deficit in the year

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September 2017	8,341	8,756
Current service cost	972	1,055
Interest cost	222	196
Employee contributions	155	160
Actuarial gain	(998)	(1,783)
Benefits paid	(58)	(43)
At 31 August 2018	8,634	8,341

Changes in the fair value of the Academy's share of scheme assets:	2018 £'000	2017 £'000
At 1 September 2017	6,294	5,322
Actuarial gain	254	226
Expected return on assets	164	117
Employer contributions	494	512
Employee contributions	155	160
Benefits paid	(58)	(43)
At 31 August 2018	7,303	6,294

25 Related party transactions

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

Notes to the financial statements year to 31 August 2018

25 Related party transactions (continued)

Other than as disclosed in note 10, no related party transactions took place in the period of the account (2017 - none).