



Colchester Royal Grammar School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

for the period ended 31st August 2012



Company Registration Number 07769103

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Colchester Royal Grammar School 07769103

Reference and Administrative Details of the Academy, its Governors and Advisors

Governors / Trustees'	Kenneth Jenkinson* (Headmaster and Accounting Officer)
	John Tillet* (Chair)
	John Johnston*
	Judith Fowler*
	Deborah Botham
	Sarah Ellis (Responsible Officer)
	Richard Rampling**
	Graham Wright*
	Caroline Scott
	Philip Roberts
	Neil Brinded**
	Ronald Green
	Philip Watkins
	Craig Martin
	Richard Tuck
	Janet Perry
	Iain Turner
	David Slade**
	Simon Blaxill
	Glynis Barritt* (Vice Chair)

*Company members

** Staff Governors

Company Secretary	Angela Jennings
Clerk to Governors	Jane Howlett

Senior Leadership Team

• Headmaster	Kenneth Jenkinson
• Deputy Headteacher	Tim Chambers
• Deputy Headteacher	Peter Jones
• Assistant Headteacher	Ruth Wallace
• Bursar	Angela Jennings

Registered Office	6 Lexden Road Colchester Essex CO3 3ND
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Company Registration Number	7769103 (England & Wales)
Charity Reference Number	X4585

Auditors	Griffin Chapman 4 & 5 The Cedars Apex 12 Old Ipswich Road Colchester Essex CO7 7QR
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Bankers	Lloyds TSB 27 High Street Colchester Essex CO1 1DU
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Solicitors	Veale Wasbrough Vizards	Birkett Long
	Orchard Court Orchard Lane Bristol BS1 5WS	42 Crouch Street Colchester Essex CO3 3HH

Governors' Report

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012

The financial statements have been prepared in accordance with the accounting policies on pages 21 to 23 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005)

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. Colchester Royal Grammar School was incorporated under the Companies Act 2006 on 9th September 2011. The Commercial Transfer Agreement between Essex County Council, The Governing Body of Colchester Royal Grammar School and Colchester Royal Grammar School signed on behalf of Essex County Council dated 21st December 2011.

The governors act as the trustees for the charitable activities of Colchester Royal Grammar School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Colchester Royal Grammar School.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Governors' Indemnities

In accordance with normal practice the Academy Trust has purchased insurance to protect the governors and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is £5 million. In the period under review no claims were made against the insurance.

Principal Activities

The Academy Trust's objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and to promote for the benefit of the inhabitants of Colchester and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

With regard to its objects, Colchester Royal Grammar School provides a broad and balanced curriculum for the benefit of the public and offers, as a selective school, an appropriate education for academically able students between the ages of 11 and 18. The education provided is within an ethos broadly based on Christian values. Most of the Academy's students live within a one-hour radius of the school, and the Academy principally serves the inhabitants of Colchester, Essex and South Suffolk. The Academy educates boys throughout the 11-18 age range and admits girls into the Sixth Form. Colchester Royal Grammar School is a state boarding school and has a small boarding section for sixth form boys, which attracts applicants from UK and European passport holders from all over the world.

Entry to this selective grammar school at all levels is based on academic ability. The Academy cares for its students and about their progress and development, and it provides a strong pastoral structure as well as a varied extracurricular programme alongside its academic curriculum. The Academy actively promotes traditional values such as respect, consideration for others and courtesy, and expects high standards of behaviour and appearance from all at the school. The Academy's principal priority is the academic achievement of its students. The Academy has specialist status for Science (including Mathematics) and Languages and, as an Academy, it actively supports in the wider community, and in particular the work of a cluster of local primary schools. The Academy is conscious of its wider community responsibilities, plays a significant role in community cohesion and offers members of the community educational and life-enhancing opportunities and services.

Method of Recruitment and Appointment or Election of Governors

The constitution of the Governing Body

<u>Category of Governor</u>	<u>Maximum number appointed</u>	<u>Method of appointment</u>
Foundation	5	Elected by members
Parent	7	Elected by parents of pupils
Teaching Staff	2	Elected by teaching staff
Support Staff	1	Elected by support staff
LEA	1	Appointed by LA
Co-opted	3	Appointed by Governing Body
Headmaster	1	Ex officio

The above table shows who or what body is entitled to appoint members of the governing body. Any vacancy for a Foundation Governor is filled by the Company's Members. Vacancies for parent governors are published by email to all parents and nominations are invited. A ballot is conducted if there is more than one nomination for a single vacancy. A similar procedure is employed to fill teaching and support staff vacancies, and the relevant personnel are informed in each case. A ballot is held if there is more than one nomination for a vacancy. The LA appoints its own governor. Co-opted governors are appointed by the governing body, as and when their expertise or experience is deemed desirable and beneficial to the Academy.

Policies and Procedures Adopted for the Induction and Training of Governors

All new governors have an induction meeting with the Chairman of Governors and the Headmaster. They have a subsequent meeting and tour of the school with the Headmaster. Governors are provided with copies of the policies, procedures and documentation required to undertake their role as governors. All governors are expected to serve on the Full Governing Body, a Governors' Committee, and the Chairman of Governors consults them on their deployment. New governors are offered the support of a more experienced governor as a mentor. A nominated governor coordinates governor training, and the Academy subscribes to the LA's governor training programme and supports governors who attend training sessions. Details of available and recommended training courses are discussed with new governors. The Academy itself organises governor information sessions and an annual governor training day.

Governors are subject to retirement after a term of four years and are eligible for re-election. The posts of Chairman and Vice-Chairman of governors run for a period of two years. Elections for these positions are normally held at the first autumn meeting of the year – at two year intervals. Post-holders can be re-elected.

Organisational Structure

The governors are responsible for the governance, strategic direction and financial health and probity of the Academy and for ensuring that all statutory duties are fulfilled. The governors are responsible for the appointment of the Headmaster and, in conjunction with the Headmaster, the appointment of the Deputy Headmaster(s). All other staff appointments are delegated to the Headmaster, although there will be governor consultation and involvement in the appointment of other senior staff such as the Assistant Head and the Bursar.

The Headmaster is responsible for the leadership, management and operation of the Academy and is accountable to the governors for all aspects of his work, including the development of the Academy, the performance of the staff and the achievement and behaviour of the students. He is supported by a Leadership Group which includes two Deputy Heads, an Assistant Head and the Bursar. These senior members of staff are all directly accountable to the Headmaster for their specific areas of responsibility and for the line management of the staff under them. They also serve as officers to the relevant Governors' Committee(s) and provide updates, raise issues for discussion, respond to questions and make recommendations on their areas. Any recommendations made to the governors will have the prior approval of the Headmaster and have been discussed by the Leadership Group. Committees of the Governing Body have delegated responsibilities for Personnel, Curriculum, Finance, Premises and, Salaries. Pupil Discipline, Staff Discipline, Salary Appeals and Admissions are ad-hoc governor committees formed to respond to specific concerns, needs or requests. General matters relating to pupil welfare and discipline as well as to student admissions come under the auspices of the Personnel Committee. There are link governors who monitor and report on specific aspects of the Academy's provision such as SEN, Gifted and Talented and Boarding. There are also strategic groups with senior management and governor representation which consider and report on the key areas of Health and Safety, Risk, Safeguarding, Racial Equality and Boarding. The Governing Body retains ultimate responsibility for decisions relating to academy policy and the future direction and status of the organization. The Headmaster has overall executive responsibility for the Academy's activities, including the finances, and fulfils the role of the Accounting Officer.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the ability to, recruit staff and students, deliver the curriculum, respond to funding changes, fulfil its statutory duties and maintain the premises and facilities and are satisfied that the academy has taken appropriate action to manage the issues effectively. The Headmaster strategically plans and continuously monitors the Academy's operation to take account of and minimize any risks, and he regularly reports his actions to the governors. The

governors have adopted policies to ensure compliance with statutory duties and systems to manage potential threats and risks to the Academy. They regularly monitor the Academy's operation through governor committees and groups. The Headmaster and Chairman of Governors meet weekly to discuss developments and consider any potential risks. The governors have introduced safeguarding controls and internal financial controls (see below) in order to avoid or minimise any risk to the Academy's financial standing. Where significant financial risk still remains, governors have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the governors have appointed a governor with appropriate financial experience as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. To assist with this role, governors have procured the Responsible Officer Support Service from an external agency with appropriate expertise, Customer Services Direct (CSD). On a regular basis, CSD undertakes an independent review of the financial systems and provides a written report providing feedback to the Headmaster, RO and Chairman of Governors on how the Academy's Financial affairs are being discharged. The appointed RO governor presents this report to the Governing Body and comments on the findings. The report identifies any areas for improvement and includes action points, if action is deemed necessary.

This provides the Governing Body with assurance that -

- the financial responsibilities of the governing body are being properly discharged,
- resources are being managed in an efficient, economical and effective manner,
- sound systems of internal financial control are being maintained, and
- financial considerations are taken into account in the decision-making process.

These arrangements can provide only reasonable, and not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Connected Organisations, including Related Party Relationships

The Academy's only formal financial link with another organisation is with the CRGS Trust – the school's independent charitable trust. The Trust has signed a 125 year lease on a peppercorn (zero) rent to allow the land and premises owned by CRGS Trust to be used by Colchester Royal Grammar School for Academy purposes. The CRGS Trust makes financial donations to the academy on an ad-hoc basis as permitted by its Regulatory Scheme. CRGSA, the Parents' Association also makes ad-hoc donations to the Academy.

The Academy's other links are

- A strategic partner in the Colchester Teacher Training Consortium and in the NE Essex Alliance of secondary schools
- A founder member of the Consortium of Selective Schools in Essex, which organises the selection tests for the selective schools in Essex and Southend and coordinates transport arrangements
- A founder member of the association of Boys' Academically Selective Schools (BASS)
- A partner providing support to a number of local schools as part of its academy support programme and its specialist status outreach work for science and languages

Objectives and Activities

Objects and Aims

CRGS aims to be a world class school, rivaling the educational provision and achievements of the very best schools at home and abroad. This will necessitate a consistently high national ranking in the official national DfE performance tables at 18 and a record of student entry to the most competitive courses at the very best universities at home and abroad. The students will leave CRGS with the ability and character to excel at university and beyond and will have experienced an education at CRGS which has developed their character, interests and talents as well as their academic ability. To this end, the Academy has to retain and recruit a high calibre staff, capable of teaching an academically demanding curriculum and an able and ambitious student body at 11+ and 16+. A thriving boarding section underlines the Academy's commitment to its international dimension. The Academy seeks to provide a variety of extracurricular opportunities for the students and encourages their understanding of the importance of service to the community. It also provides a well-ordered environment with high standards of behaviour and a purposeful, disciplined learning community.

CRGS seeks to be a force for good in the local community. It supports other schools in the area and further afield and offers the community opportunities to further their education. It seeks to be a beacon of excellence for an academic education.

Objectives, Strategies and Activities

CRGS has a mission statement, a vision document, a declaration of strategic intent, a three year development plan and a list of annual priorities to inform, guide and judge its activities and achievements. The consistent message is to seek to pursue excellence in all it does and to be committed to continuous improvement in every aspect of its work. These are shared, agreed and monitored by governors at committee and full governing body level. The Headmaster and Leadership Group plan for continuous improvement and monitor the quality and effectiveness of all the school's activities. Regular reports are made to governors on progress at the termly committee meetings and the Full Governors' meetings. Link governors exercise a specific monitoring role in key areas and report to governors as appropriate. The Headmaster and the Leadership Group keep the staff informed of the key immediate priorities, involve the staff in the formulation of longer term strategies and lead and support the staff in pursuit of the Academy's aims and objectives. The governors challenge the leadership group appropriately and act as critical friends in the evaluation of the Academy's achievements. They provide invaluable expertise, opinion and support and hold the Headmaster to account for the Academy's achievements, developments and standing. In evaluating the Headmaster's performance and agreeing suitable annual objectives for him, they take advice from an experienced external school improvement partner.

The key priorities for the period ending 31st August 2012 were

- High academic achievement at GCSE and A level, Oxbridge, Medical School, Russell Group and LSE entrance,
- The recruitment of a high calibre staff and able students, including specific emphasis on boarding recruitment,
- The development of the Academy's premises including the preparation of a bid for a new performance studio,
- The provision of a wide range of extracurricular activities, including national recognition for student achievement,
- The cultivation of OC (former students) and CRGSA (parents' association) support,
- The introduction of IGCSE for certain subjects,
- To establish a link with China and introduce Mandarin,
- To provide extra options at A level, including the further development of the EPQ,
- To support our partner schools in the locality and similar schools further afield,
- To offer educational opportunities and tangible support to the wider community,
- To play a lead role in the NE Essex Teaching School Alliance

Public Benefit

CRGS is a state selective school and serves the local community by providing an appropriately academic and grammar school education for able students in the area, free of charge. Not only does the Academy serve Colchester, Essex and South Suffolk but through its boarding section provides an educational opportunity for students from further afield and a haven for able students with difficult home circumstances. Through its outreach work and because of its national reputation, CRGS provides support for local primary and secondary schools and other grammar schools further afield. CRGS allows the local community to use its sporting facilities, notably its swimming pool in the summer and invites members of the public to its outreach activities, public lectures and music and drama performances. The students actively support national charities, international good causes and local organisations, and the Academy is conscious of its responsibility and duty to support the local community. The Academy staff have organized and run a highly popular summer school for local children during the school holidays, for the last three years. Ofsted described the school as 'outstanding' in every category.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives and in planning future activities.

Achievements and Performance

The Academy is an oversubscribed state selective grammar school, educating boys from 11 to 18 and admitting girls at 16+. There is a family style boarding section for sixth form boys. There are over 840 students on roll and the school has been judged 'outstanding' in every category by Ofsted and 'outstanding' for boarding in a National Care Standards Inspection of 2010. CRGS was ranked the top school nationally for post 16 qualifications in the DfE performance tables in January 2012, for the sixth year in succession. The school was named by the Sutton Trust as the top state school in the country for Oxbridge entrance in July 2012 and the top state school and the third of all schools in the country by the Financial Times in the FT Top 1000 schools list. The 2012 GCSE average points score was the highest on record on the school, the year which IGCSE results counted for the first time.

The sporting, musical and drama performances as well as other extracurricular activities in 2011/12 were of an outstanding standard and saw the school excel at local, regional and national level. For the first time the school entered a national rugby league competition and reached the quarter finals. A competitive girls' rugby team was also established this period. The school maintains outstanding playing fields and has a full fixture list in its major sports, without any extra government finance to fund this level or quality of provision. CRGS actively promotes the health of its students and was re-designated a 'Healthy School' in 2012.

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Students with SEN and considerable personal difficulties were helped and supported so they could play a full part in the wider life of the school and fulfil their academic potential in national examinations

CRGS was successful in its 2012 bid for funding for premises developments which, when built, will further enhance its facilities

Where vacancies occurred in 2012, high calibre staff and able students were recruited. Moreover, existing staff and students were retained and developed in order to help sustain the quality of the Academy's provision and outcomes and to further its pursuit of excellence

A wealth of educational opportunities abroad, befitting an Academy with international aspirations, were provided for the students in 2012. Trips to France, Belgium, Austria, Germany, Switzerland, Portugal, Sicily and Morocco were organised in 2011/12. An exchange to China was organised for October 2012 and a history trip to Russia has been organised for 2013.

In 2012 all the students in Year 13 gained at least 3 good A levels and qualified for university entrance. All the GCSE students gained creditable grades and qualified for A level courses. The Academy showed its commitment to equal opportunities by appointing in 2011/12 a girl to the position of School Captain for the first time in the history of Colchester Royal Grammar School.

New A level subjects and the EPQ were additional options taken up by more A level students in 2012. This both enhanced individual student achievements and contributed to the Academy's overall performance. The top A level student at CRGS obtained 8 A*s, for the second year in succession. This was probably in both cases the top individual performance by any A level student in the country. The Times reported this achievement in August 2012.

Examination Results in 2012

A level

Percentage of A*, A, B (excluding General Studies)	95%
Average UCAS points score per student (total)	648

GCSE/IGCSE

Percentage of A*/A 79%

5 A* - C pass rate 100%

Average GCSE points score per student (total) 687 (This score was higher than in 2011, as was the capped score and the average points per entry)

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Financial Performance Indicators

Colchester Royal Grammar School converted to Academy status on 1st January 2012 and operated on a balanced budget in the reporting period, meeting its best value performance indicators and demonstrating prudent financial management. A school rated "outstanding" in every category by OFSTED in November 2007, CRGS has maintained a high quality provision year on year since. The Boarding section was rated 'outstanding' in a National Care Standards' inspection in 2010. The Academy is an 11-18 selective school that sees its A level results as its ultimate key performance indicator. It has been the top performing school nationally in the DfE post 16 performance tables for the last six years in succession so has consistently met the highest possible standard in this respect.

The total number of students on roll in the period ending 31 August 2012 was 840. From 1 September 2012 the roll was 848. This represents an organic increase of over 50 students in the last five years. The school is oversubscribed at every level and the staffing is complete, able and stable. The Academy's PAN for 11+ entry is 96. An additional 4 students are admitted in Year 9 and a further 60 day students and 15 boarders are admitted into Year 12. The increase in roll over ten years has been attributable to an increased intake at Year 12 level. The Year 7 PAN has been unchanged.

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education Funding

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Agency (EFA) during the period ended 31st August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities

The Academy also has been in receipt of capital grants from the EFA through the bid process for Capital maintenance fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Included in the unrestricted funds is a bequest of £80,500 this has been designated to provide a permanent memorial and a scholarship scheme.

The restricted funds include the funding for Boarding, Pupil Premium and 16-18 Bursary. The Academy has been in receipt of a donation and a Bursary to support extracurricular music and games which is part of the restricted funds.

During the period ended 31st August 2012, total expenditure of £3,681,866 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and restricted pension fund) was £513,701.

At 31st August 2012 the net book value of fixed assets was £8,618,513 and movements in tangible fixed assets are shown in the note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Upon Academy conversion, a number of assets have been recognised as gifted to the Academy. These include fixed assets of £8,749,176 and unspent delegated budget upon closure of the Local Authority School £131,293. The unspent School Fund balance upon closure was £207,912.

In accordance with FRS17, the Academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31st August 2012 and supporting notes to the accounts £1,049,000.

Financial and Risk Management Objectives and Policies

The governors have adopted policies to ensure compliance with statutory duties and systems to manage potential threats and risks to the Academy. They regularly monitor the Academy's operation through governor committees and groups. A specific Group has been set up to assess the risks arising.

Principal Risks and Uncertainties

As an Academy, the level of financial risk will essentially be determined by the government's funding formulae for schools. Currently, income covers expenditure, but this has to be kept under constant review as the government is currently reassessing the funding levels and criteria for funding. Numbers of applicants to the school are high because of the school's provision and success. This puts a constant pressure on the school to maintain its high level of achievement and broad educational experience. The Hong Kong boarding market is shrinking, and CRGS is actively pursuing this and other markets, at home and abroad to maintain the quality of its boarding intake. A reduction in government funding would impact on the Academy's ability to maintain its current curriculum and its extracurricular provision. The highly academic curriculum requires high calibre specialist teachers to deliver it effectively. It is more difficult to recruit such teachers as they are also in demand in the private sector and outside education, where they can command higher salaries. CRGS seeks to develop its own staff professionally so that it can promote from within and maintain its high standards.

Reserves Policy

The Academy will hold reserves to draw on as and when required to supplement the annual budget and to support developments over time. The management of reserves to support, maintain, develop and improve provision over time is considered to be an aspect of prudent financial management essential to the maintenance of a high quality provision. It permits flexibility and planning. The unrestricted free reserves are intended both to combat any annual fluctuations in funding or unforeseen exceptional circumstances and to fund important developments in the Academy. These may be related to the curriculum, facilities, premises, extracurricular activities or personnel needs but as the reserves are finite, any such developmental projects will be fully costed, and the total commitment will be established before the reserves are used. Such projects will not, therefore, include any ongoing revenue commitments over an indefinite period of time.

With regard to Boarding, 10% of boarding income will be allocated to the Boarding reserves each period in order to cover ongoing maintenance, fixture and furnishing costs and for the general upkeep of the Boarding facilities. A Boarding reserve is also necessary in order to be able to maintain the level of boarding provision in the eventuality of a reduction in numbers or income or extra staffing needs in any particular period.

Plans for Future Periods

The governors intend to maintain the Academy's quality of provision and high national standing by retaining and recruiting a high calibre staff and creating a learning environment and experience which will attract able students at all levels. This will require prudent financial management and the generation of extra income to improve the Academy's facilities and facilitate further developments. The governors continue to see the academic achievement of the students as the Academy's principal priority but remain equally committed to the provision of extracurricular opportunities, notably sport, music and drama.

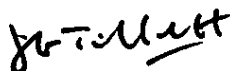
Auditor

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors 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.

The auditors, Griffin Chapman, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the members of the Governing Body on 11th December 2012 and signed on its behalf by



Dr JG Tillet
Chair of Governors

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Colchester Royal Grammar School 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 governing body has delegated the day-to-day responsibility to the Headmaster, 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 Colchester Royal Grammar School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of governors' responsibilities. The governing body has formally met 4 times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs G Barritt	3	4
Mr N Brinded	4	4
Mr S Blaxill	2	4
Mrs D Botham	3	4
Mrs S J Ellis	3	4
Mrs J Fowler	2	4
Mr R Green	3	4
Mr K L Jenkinson	4	4
Headmaster		
Mr J C Johnston	3	4
Mr C Martin	2	4
Mrs J Perry	3	4
Dr R Rampling	4	4
Mr P Roberts	4	4
Mrs C Scott	3	4
Mr D Slade	0	4
Dr J G Tillet MBE	4	4
Mr R Tuck	3	4
Mr I Turner	4	4
Mr P Watkins MBE	3	4
Mr G B Wright	4	4
Mrs L J Howlett (Clerk)	4	4

The Finance Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. The Finance Committee will make appropriate comments and recommendations on such matters to the governing body on a regular basis.

Attendance at meetings in the period was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs J Fowler	2	4
Mr K L Jenkinson	4	4
Headmaster		
Mr J C Johnston	4	4
Mrs J Perry	3	4
Dr R Rampling	4	4
Dr J G Tillet MBE	4	4
Mr I Turner	4	4
Mr G Wright	2	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Colchester Royal Grammar School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed S Ellis, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

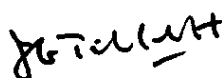
Review of Effectiveness

As accounting officer, K L Jenkinson has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 11th December 2012 and signed on its behalf by



Dr JG Tillet
Chair of Governors



KL Jenkinson
Accounting Officer

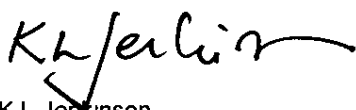
Colchester Royal Grammar School 07769103

Statement on regularity, propriety and compliance

As accounting officer of Colchester Royal Grammar School I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the governing body and the EFA or, if occurring after the date of this statement, will be notified to the governing body and the EFA.

A handwritten signature in black ink, appearing to read 'K L Jenkinson', with a stylized flourish at the end.

K L Jenkinson

Accounting Officer

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of Colchester Royal Grammar School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

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

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

Approved by order of the members of the governing body on 11th December 2012 and signed on its behalf by

Dr JG Tillet
Chair of Governors

Independent Auditor's Report to the members of Colchester Royal Grammar School

We have audited the financial statements of Colchester Royal Grammar School for the period ended 31 August 2012 which comprise (specify the titles of the primary statements such as the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement) and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

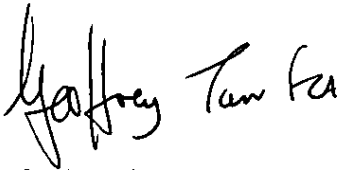
In our opinion the information given in the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

(Continued)

Matters on which we are required to report by exception

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

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



Mr G H Tarr (Senior statutory auditor)

For and behalf of

Griffin Chapman

Chartered Accountants
Registered Auditors

4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

18th December 2012

Colchester Royal Grammar School 07769103

Independent Reporting Accountant's Assurance Report on Regularity to Colchester Royal Grammar School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 31 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Colchester Royal Grammar School during the period 1 January 2012 to 31 August 2012 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 Colchester Royal Grammar School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Colchester Royal Grammar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Colchester Royal Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Colchester Royal Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Colchester Royal Grammar School's funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 January 2012 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

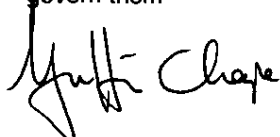
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

The work undertaken comprised

- a) Obtaining a sufficient understanding of the framework of authorities which apply to the academy
- b) Understanding the system of internal control to secure compliance with the framework for authorities
- c) Considering the basis on which the Accounting Officer is able to make statements on regularity, propriety and compliance in the Financial Statements
- d) Assessing the risk of material irregularity, impropriety and non-compliance
- e) Designing and carrying out tests and drawing of conclusions from this work to provide assurance over regularity, propriety and compliance

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 January 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Griffin Chapman

Chartered Accountants

18th December 2012

4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2012
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2012 £
Incoming resources						
Incoming resources from generated funds						
- Voluntary Income	3	108,728	17,537	-	-	126,265
- Transfer from local authority and CRGS Trust on conversion	29	239,713	83,625	(844,000)	8,747,044	8,226,382
- Activities for generating funds	4	75,286	27,858	-	-	103,144
Investment Income	5	543	1,129	-	-	1,672
Incoming resources from charitable activities						
- Funding for the Academy's educational operations	6	-	2,993,894	-	81,396	3,075,290
- Other Income	4	242,242	-	-	-	242,242
- Provision of boarding activities	28	-	168,200	-	-	168,200
Total incoming resources		666,512	3,292,243	(844,000)	8,828,440	11,943,195
Resources expended						
Cost of generating funds						
- Costs of activities for generating funds	7	50,706	1,916	-	-	52,622
Charitable activities						
- Academy's educational operations	8	250,983	2,876,156	95,000	240,487	3,462,626
- Provision of boarding activities	28	-	150,094	-	-	150,094
Governance costs	9	-	16,524	-	-	16,524
Total resources expended	7	301,689	3,044,690	95,000	240,487	3,681,866
Net incoming/(outgoing) resources before transfers						
Gross transfers between funds	17	(6,439)	(92,236)	63,000	35,675	-
Net income/(expenditure) for the year		358,384	155,317	(876,000)	8,623,628	8,261,329
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	17, 26	-	-	(173,000)	-	(173,000)
Net movement in funds		358,384	155,317	(1,049,000)	8,623,628	8,088,329
Funds carried forward at 31 August 2012		358,384	155,317	(1,049,000)	8,623,628	8,088,329

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities
All of the Academy's activities derive from acquisitions in the current financial period

Colchester Royal Grammar School 07769103

BALANCE SHEET AS AT 31 AUGUST 2012

	Notes	2012 £
Fixed Assets		
Tangible assets	13	<u>8,618,513</u> <u>8,618,513</u>
Current assets		
Stock	14	5,407
Debtors	15	74,627
Cash at bank and in hand		<u>846,157</u> <u>926,191</u>
Current Liabilities		
Creditors amounts falling due within one year	16	<u>(407,375)</u>
Net current assets (liabilities)		<u>518,816</u>
Total assets less current liabilities		<u>9,137,329</u>
Net assets excluding pension liability		<u>9,137,329</u>
Pension scheme liability	26	(1,049,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u>8,088,329</u>
Funds of the Academy		
Restricted funds		
- Fixed asset fund	17	8,623,628
- General funds exc boarding	17	97,285
- Boarding	17	58,032
- Pension reserve	17	(1,049,000)
Total restricted funds		<u>7,729,945</u>
Unrestricted funds		
- General fund	17	358,384
Total unrestricted funds		<u>358,384</u>
TOTAL FUNDS		<u>8,088,329</u>

The financial statements were approved by the Governors, and authorised for issue on 11th December 2012 and are signed on their behalf by


Dr J G Tillett
Chair of Governors

The notes on pages 21-37 form part of those financial statements

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	2012 £
Net cash inflow from operating activities	21	551,707
Returns on investments and servicing of finance	22	1,672
Capital expenditure	23	(28,428)
Cash transferred on conversion to an Academy Trust	29	321,206
(Decrease)/Increase in cash in the period	24	<u><u>846,157</u></u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 31 August 2012		<u><u>846,157</u></u>

All of the cash flows are derived from acquisitions in the current financial period

Notes to the Financial Statements for the period ended 31 August 2012

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one period from the date of approval of the financial statements.

Conversion to Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Colchester Royal Grammar School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Colchester Royal Grammar School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised as voluntary income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 29.

Incoming Resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies.

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**1 Statement of Accounting Policies (continued)****Resources Expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance Costs**

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Buildings	2% and 3.45%
Plant and machinery	20%
Furniture and equipment	10%
Computer equipment and software	33%
Motor vehicles	20%

No depreciation is charged on assets that are not brought into use by the balance sheet date. Where appropriate depreciation is calculated on the remaining useful asset life assessment.

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.

Stock

Catering Stock is valued at the lower of cost or net realisable value.

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**1 Statement of Accounting Policies (continued)****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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy

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 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 quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the EFA and Department for Education.

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**2 General Annual Grant**

	2012 £
GAG allocation for current year	2,919,853
Total GAG available to spend	2,919,853
Recurrent expenditure from GAG	2,809,297
Fixed assets purchased from GAG	33,176
Total GAG expenditure	2,842,473
Transfer of pension contributions to Pension Reserve	56,376
GAG carried forward to next year	21,004
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	350,382
GAG to surrender to DfE	
(12% rule breached if result is positive)	(329,379)
	No Breach

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Donations - Revenue	108,728	17,537	126,265

4 Other Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Hire of facilities	21,675	-	21,675
Items sold	7,741	1,768	9,509
Income from services provided	45,870	26,090	71,960
	75,286	27,858	103,144

Other Incoming Resources

Insurance Claims	4,094	-	4,094
Academy Trips	139,299	-	139,299
Catering Income	98,849	-	98,849
	242,242	-	242,242
	317,528	27,858	345,385

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Bank Interest	543	1,129	1,672

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**6 Funding for the Academy's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
DfE/EFA Capital Grants			
Devolved Formula Capital	-	18,276	18,276
Capital Maintenance Grant	-	63,120	63,120
	-	81,396	81,396
DfE/EFA Revenue Grants			
General Annual Grant	-	2,919,853	2,919,853
Other DfE/EFA Grants	-	38,472	38,472
	-	2,958,325	2,958,325
Other Government Grants			
Other Government Grants	-	35,569	35,569
	-	35,569	35,569
	-	3,075,290	3,075,290

7 Resources Expended

	Non Pay Expenditure			Total 2012 £
	Staff Costs £	Premises £	Other Costs £	
Costs of activities for generating funds	23,724	11,308	17,590	52,622
Academy's educational operations				
• Direct costs	1,993,484	240,487	369,399	2,603,370
• Allocated support costs	440,290	61,102	357,864	859,256
Boarding activities	82,278	13,605	54,211	150,094
	2,539,776	326,502	799,064	3,665,342
Governance costs(including allocated support costs)	-	-	16,524	16,524
	2,539,776	326,502	815,588	3,681,866

Incoming/outgoing resources for the year include

	2012 £
Operating leases	3,801
Fees payable to auditor	5,650
	9,451

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**8 Charitable Activities – Academy's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Direct Costs			
Teaching and educational support staff costs	4,571	1,988,914	1,993,485
Depreciation	-	240,487	240,487
Educational supplies	2,313	45,965	48,278
Examination fees	-	145,556	145,556
Staff development	-	5,725	5,725
Educational consultancy	2,083	8,486	10,569
Pupil transport	552	8,880	9,432
Special facilities	592	2,470	3,062
Agency teaching	-	12,929	12,929
Academy visits	133,667	180	133,847
	<u>143,778</u>	<u>2,459,592</u>	<u>2,603,370</u>
Allocated Support Costs			
Support staff costs	45,070	395,220	440,290
Pupil recruitment and support	500	19,229	19,729
Maintenance of premises and equipment	2,485	69,845	72,330
Cleaning	-	6,165	6,165
Rent, rates and water	-	15,653	15,653
Insurance	-	52,642	52,642
Travel and subsistence	-	4,052	4,052
Catering	53,619	1,351	54,970
Heat and light	-	40,723	40,723
Technology	175	51,829	52,004
Supplies, printing and telephone	1,628	18,604	20,232
Other support costs	3,728	51,738	55,466
Pension finance costs	-	25,000	25,000
	<u>107,205</u>	<u>752,051</u>	<u>859,256</u>
	<u>250,983</u>	<u>3,211,643</u>	<u>3,462,626</u>

9 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	10,874	10,874
Auditors remuneration - audit of financial statements	-	5,650	5,650
	<u>-</u>	<u>16,524</u>	<u>16,524</u>

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**10 Staff Costs**

	2012 £
Direct staff costs during the period were	
Wages and salaries	2,072,902
Social security costs	156,693
Other pension costs	268,465
	<u>2,498,060</u>
Indirect employee expenses	41,716
	<u><u>2,539,776</u></u>
of which supply teacher costs	3,791

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows

Charitable Activities	2012 No
Teachers	55
Administration and support	38
Management	5
	<u>98</u>

The number of employees whose emoluments fell within the following bands was

	2012 No
£66,667 - £73,333	1

The employee participated in the Teachers' Pension Scheme During the period ended 31st August 2012, pension contributions amounted to £9,400

11 Governors' Remuneration

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors Other governors did not receive any payments from the academy in respect of their role as governors The value of staff governors' remuneration for the period to 31st August 2012 was in total £136,639

There were no reimbursed expenses paid to Governors in the period to 31st August 2012

12 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2012 was £963

The cost of this insurance is included in the total insurance cost

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**13 Tangible Fixed Assets**

	Freehold and Leasehold Buildings £	Plant and Machinery £	Furniture and Equipment £	Computer Equipment and Software £	Assets under construction £	Vehicles £	Total £
Cost or Valuation							
Transfers on conversion	8,410,248	9,071	262,050	62,494	-	5,313	8,749,176
Additions	-	-	3,754	31,921	74,149	-	109,824
At 31 August 2012	<u>8,410,248</u>	<u>9,071</u>	<u>265,804</u>	<u>94,415</u>	<u>74,149</u>	<u>5,313</u>	<u>8,859,000</u>
Depreciation							
Charged in year	193,436	1,209	17,522	27,612	-	708	240,487
At 31 August 2012	<u>193,436</u>	<u>1,209</u>	<u>17,522</u>	<u>27,612</u>	<u>-</u>	<u>708</u>	<u>240,487</u>
Net Book Values							
At 31 August 2012	<u>8,216,812</u>	<u>7,861</u>	<u>248,282</u>	<u>66,804</u>	<u>74,149</u>	<u>4,605</u>	<u>8,618,513</u>

14 Stock

2012

£

Catering supplies

5,407**15 Debtors**

2012

£

Prepayments

58,318

Other debtors

2,961

VAT debtor

13,34874,627**16 Creditors amounts falling due within one year**

2012

£

Trade creditors

49,368

PAYE and NIC creditor

72,925

Other creditors

51,735

Accruals and deferred income

233,347407,375**Deferred Income**

2012

£

Deferred income as at 31 August 2012

103,289

the income deferred relates to school trips taking place in the following year, and Boarding income

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**17 Funds**

	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains / Losses £	Balance as at 31 August 2012 £
Restricted general funds					
General Annual Grant	2,919,853	(2,809,297)	(89,552)	-	21,004
Other DfE/EFA grants	38,472	(31,390)	-	-	7,082
Other restricted funds	125,792	(53,909)	(2,684)	-	69,199
Provision of boarding	208,126	(150,094)	-	-	58,032
	3,292,243	(3,044,690)	(92,236)	-	155,317
Restricted pension fund					
Pension reserve	(844,000)	(95,000)	63,000	(173,000)	(1,049,000)
	(844,000)	(95,000)	63,000	(173,000)	(1,049,000)
Restricted fixed asset funds					
DfE/EFA capital grants	81,396	-	(74,149)	-	7,247
Capital expenditure from GAG	-	(2,865)	33,176	-	30,311
Donated Assets	8,747,044	(237,580)	-	-	8,509,464
Capital expenditure from other funds	-	(42)	76,648	-	76,606
	8,828,440	(240,487)	35,675	-	8,623,628
Total restricted funds	11,276,683	(3,380,177)	6,439	(173,000)	7,729,945
Unrestricted funds					
Unrestricted fund	666,512	(301,689)	(6,439)	-	358,384
	666,512	(301,689)	(6,439)	-	358,384
Total funds	11,943,195	(3,681,866)	-	(173,000)	8,088,329

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

The General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. DfE/EFA and other government grants are used to support teaching and learning in the Academy. Other restricted funds support teaching and learning and student language skills.

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**18 Analysis of net assets between funds**

Fund balances at 31st August 2012 are represented by

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2012 £
Tangible fixed assets	-	-	8,618,513	8,618,513
Current assets	422,211	410,272	93,708	926,191
Current liabilities	(63,827)	(254,954)	(88,593)	(407,375)
Pension scheme liability	-	(1,049,000)	-	(1,049,000)
Total net assets	<u>358,384</u>	<u>(893,683)</u>	<u>8,623,628</u>	<u>8,088,329</u>

19 Capital commitments

	2012 £
Contracted for, but not provided in the financial statements	
Boiler Contract	<u>67,246</u>
Approved but not contracted for	
Studio Project	<u>1,030,560</u>

20 Financial commitments

Operating leases

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	2012 £
Expiring within two and five years inclusive	<u>5,088</u>

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**21 Reconciliation of net income to net cash flow**

	2012
	£
Net Income	8,261,329
Transfer from Local Authority on conversion	(8,226,382)
Depreciation	240,487
Capital grants from DfE and other capital income	(81,396)
Interest receivable	(1,672)
FRS17 pension cost less contributions payable	7,000
FRS17 pension finance income	25,000
(Increase)/decrease in stocks	(5,407)
(Increase)/decrease in debtors	(74,627)
(Increase)/decrease in creditors	407,375
Net cash inflow from operating activities	<u>551,707</u>

22 Returns on investment and servicing of finance

	2012
	£
Interest received	1,672
	<u>1,672</u>

23 Capital expenditure and financial investment

	2012
	£
Purchase of tangible fixed assets	(109,824)
Capital grants from DfE/EFA	81,396
Net cash outflow from capital expenditure and financial investment	<u>(28,428)</u>

24 Analysis of changes in net funds

	Cashflows	At 31
	£	August 2012
	£	£
Cash in hand and at bank	846,157	846,157
	<u>846,157</u>	<u>846,157</u>

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**25 Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one period 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

26 Pensions and similar obligations

As described in the pension note the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date

The Academy'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 Essex County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £54,694 were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

The Teachers Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operate are the Teachers Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001–31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 periods). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**26 Pensions and similar obligations (continued)****Teachers' Pension Scheme (continued)**

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £83,000, of which employer's contributions totalled £63,000 and employees' contributions totalled £20,000. The agreed contribution rates for future periods are 12.3% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,500	5.50%
13,501 - 15,800	5.80%
£15,801 - £20,400	5.90%
£20,401 - £34,000	6.50%
£34,001 - £45,500	6.80%
£45,501 - £85,300	7.20%
Above £85,300	7.50%

Principal Actuarial Assumptions

	31-Aug-12
	% p a
Pension increase rate	1.90%
Salary increase rate	3.70%
RPI Increases	2.70%
Discount rate	3.90%
CPI Increases	1.90%

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

	Males	Females
Current pensioners	22.7 years	25.3 years
Future pensioners	24.1 years	26.8 years

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**26 Pensions and similar obligations (continued)****Local Government Pension Scheme (continued)**

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2012	Value at 31 August 2012 £
Equities	5.90%	305,000
Gilts	2.80%	27,000
Bonds	3.90%	40,000
Property	4.90%	58,000
Cash	0.50%	18,000
Total market value of assets		448,000
Present value of scheme liabilities		
- Funded		(1,497,000)
Deficit in the scheme		(1,049,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy

The actual return on the scheme assets for the period to 31 August 2012 was £19,000

The estimated return for the period from 1 January 2012 to 31 August 2012 is 5.6%

Amounts recognised in the statement of financial activities

	2012 £
Analysis of pension costs	
Current service cost	70,000
Past service cost (gain)	-
Total operating charge	70,000

	2012 £
Analysis of pension finance income/(costs)	
Interest cost	(39,000)
Expected return on pension scheme	14,000
Pension finance income/(costs)	(25,000)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £173,000 loss.

Colchester Royal Grammar School 07769103

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**26 Pensions and similar obligations (continued)****Local Government Pension Scheme (continued)****Movements in the present value of defined benefit obligations were as follows**

	2012
	£
Transfer in of scheme obligations	1,191,000
Current service cost	70,000
Interest cost	39,000
Contributions by scheme participants	20,000
Actuarial gains	177,000
Scheme liabilities at 31 August	<u>1,497,000</u>

Movements in the fair value of Academy's share of scheme assets

	2012
	£
Transfer in of scheme assets	347,000
Expected return on scheme assets	14,000
Contributions by employer	63,000
Contributions by scheme participants	20,000
Actuarial gains	4,000
Fair value of scheme assets at 31 August	<u>448,000</u>

The estimated value of employer contributions for the period ended 31 August 2013 is £96,000

The history of experience adjustments is as follows

	2012
	£
Present value of defined benefit obligations	(1,497,000)
Fair value of share of scheme assets	448,000
Deficit in scheme	<u>(1,049,000)</u>
Experience adjustments on share of scheme assets	4,000
Experience adjustments on scheme liabilities	<u>(177,000)</u>
	<u>(173,000)</u>

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**27 Related party transactions**

Owing to the nature of the academy's operations and the composition of the board of governors 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 governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Atkins Limited – a company in which J Fowler is an employee

Transactions totalling £14,060 relating to design & scheme & estimate of technology & dining block boiler replacement & to provide professional advice for electrical testing of fixed wiring took place in the period. At the year end £660 was due to Atkins Ltd and is included in trade creditors.

Kent Blaxill & Co Ltd - a company in which S Blaxill is a Managing Director

Transactions totalling £1,247 relating to various repairs and maintenance took place in the period. At the year end £90 was due to Kent Blaxill & Co Ltd and is included in trade creditors.

Stage Electrics Partnership Ltd – a company in which S Blaxill is related to the Marketing & Purchasing Manager

Transactions totalling £1,436 relating to supply of floodlights took place in the period.

CRGS Trust – donations were received by the academy totalling £35,416 to support extracurricular games and music.

The academy paid the CRGS Trust £9,320 for reimbursement of fees paid by the CRGS Trust for the granting of the lease to the academy.

28 Academy Boarding Trading Account

	£	£
Income		
Fee income		168,200
Expenditure		
Direct Costs		
Goods and services	24,629	
Other direct costs	3,276	
	<u>27,904</u>	
Indirect costs		
Staff costs	82,278	
Utilities	21,379	
Security	250	
Buildings maintenance	10,746	
Other indirect costs	7,537	
	<u>122,190</u>	
Total operating costs		<u>150,094</u>
Surplus on boarding for the period		18,106
Reserves transferred from Local Authority on conversion		39,926
Reserves carried forward at 31 August 2012		<u><u>58,032</u></u>

Notes to the Financial Statements for the period ended 31 August 2012 (continued)**29 Conversion to an Academy Trust**

On 1st January 2012 the Colchester Royal Grammar School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Colchester Royal Grammar School from the Essex Local Authority together with a new long lease being granted by CRGS Trust in respect of certain school properties, for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of recognition in the SOFA

	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2012 £
Tangible Fixed Assets					
-Freehold/Leasehold Buildings	-	-	-	8,410,248	8,410,248
-Other tangible fixed assets	-	-	-	338,928	338,928
Budget surplus/(deficit) on LA funds	114,561	865	-	15,868	131,294
Budget surplus/(deficit) on other school funds	125,152	82,760	-	-	207,912
LGPS Pension Surplus/(deficit)	-	-	(844,000)	-	(844,000)
Other identified assets and liabilities	-	-	-	(18,000)	(18,000)
Net assets / (liabilities)	<u>239,713</u>	<u>83,625</u>	<u>(844,000)</u>	<u>8,747,044</u>	<u>8,226,382</u>