



Colchester Royal Grammar School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2013



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Company Registration Number 07769103

Colchester Royal Grammar School 7769103

Contents	Page
Reference and Administrative Details	3
Trustees' Report	4
Governance Statement	11
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15
Independent Auditor's Report on Regularity	16
Statement of Financial Activities incorporating Income & Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	20-22
Other Notes to the Financial Statements	23-38

Colchester Royal Grammar School 7769103

Reference and Administrative Details

Trustees	Kenneth Jenkinson* (Headmaster and Accounting Officer) John Tillet* (Chair) John Johnston* Judith Owens* (formerly Fowler) Deborah Botham Sarah Ellis (Responsible Officer) Richard Rampling** Graham Wright* (retired 11 12 12) Caroline Scott Philip Roberts Neil Brinded** Ronald Green Philip Watkins Craig Martin (retired 14 03 13) Richard Tuck Janet Perry Iain Turner David Slade** (retired 07 06 13) Simon Blaxill Glynis Barritt* (Vice Chair) Philip Hoddell (appointed 18 03 13) David Ratcliffe** (appointed 08 06 13)	
	*Company members ** Staff Trustees	
Company Secretary Clerk to Trustees	Angela Jennings 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	
Company Registration Number	07769103 (England & Wales)	
Auditors	Griffin Chapman 4 & 5 The Cedars Apex 12 Old Ipswich Road Colchester Essex CO7 7QR	
Bankers	Lloyds TSB 27 High Street Colchester Essex CO1 1DU	
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS	Birkett Long 42 Crouch Street Colchester Essex CO3 3HH

Colchester Royal Grammar School 7769103

Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1st September 2012 to 31 August 2013

The financial statements have been prepared in accordance with the accounting policies on pages 20 to 22 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.

The Trustees act as the governors 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 Trustees who served throughout the year 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.

Trustees' Indemnities

In accordance with normal practice the Academy Trust has purchased insurance to protect the Trustees 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. The Academy was designated a National Teaching School and a National Support School in 2013.

Colchester Royal Grammar School 7769103

Trustees' Report (continued)

Method of Recruitment and Appointment or Election of Trustees

The Constitution of the Governing Body

Category of Trustee	Maximum number appointed	Method of appointment
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 Trustee is filled by the Company's Members. Vacancies for parent Trustees 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 trustee. Co-opted Trustees are appointed by the governing body, as and when their expertise or experience is deemed desirable and beneficial to the Academy. There is currently one foundation Trustee vacancy.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Trustees are subject to retirement after a term of four years and are eligible for re-election. The posts of Chairman and Vice-Chairman of Trustees 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 trustees 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 trustees 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 trustee 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 trustees 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 Trustees' Committee(s) and provide updates, raise issues for discussion, respond to questions and make recommendations on their areas. Any recommendations made to the trustees 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 trustee 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 trustees 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 trustee representation which consider and report on the key areas of Health and Safety, Risk and Boarding. The Board of Trustees 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.

Colchester Royal Grammar School 7769103

Trustees' Report (continued)**Risk Management**

The trustees 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. A Risk Management Group, comprising Trustees and the Leadership Group has drawn up a Risk Register, identified the key risks facing the school and devised an Action Plan to address those risks.

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 trustees. The trustees 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 trustee committees and groups. The Headmaster and Chairman of Trustees meet weekly to discuss developments and consider any potential risks. The trustees 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, trustees 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 trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed a trustee 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 trustees have procured the Responsible Officer Support Service from an external agency with appropriate expertise, experience, 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 Trustees on how the Academy's financial affairs are being discharged. The appointed RO trustee presents this report to the Board of Trustees and comments on the findings. The report identifies any areas for improvement and includes action points, if action is deemed necessary.

This provides the Board of Trustees with assurance that -

- the financial responsibilities of the Board of Trustees 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. It has signed a 125 year lease at a peppercorn (zero) rent to allow the land and premises owned by CRGS Trust to be used 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

- The Lead School in the NE Essex Alliance of schools
- A strategic partner in the Colchester Teacher Training Consortium
- 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
- A National Support School with the Headmaster a designated National Leader of Education
- A founder member of the Grammar School Heads Association

Colchester Royal Grammar School 7769103

Trustees' Report (continued)**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 trustees at either committee or full board 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 trustees on progress at the termly committee meetings and the full board meetings. Link trustees exercise a specific monitoring role in key areas and report to trustees 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 trustees 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 2012/13 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 construction 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 development of the preparation for IGCSE in Year 2,
- The provision of support for the mental health of the students,
- To establish an Exchange with a prestigious school in China and offer Mandarin,
- To provide extra options at A level, including Government and Politics and 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 and apply for National Support School status

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 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 four 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.

Colchester Royal Grammar School 7769103

Trustees' Report (continued)**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 850 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 2013, for the seventh year in succession. The school has achieved 100 Oxbridge offers over the last three years, probably the highest proportion of any state school in the country. The 2013 GCSE average points score was the highest on record on the school, a year which IGCSE results improved significantly on the previous year.

The sporting, musical and drama performances as well as other extracurricular activities in 2012/13 were of an outstanding standard and saw the school excel at local, regional and national level. For the first time the school entered a Year 10 national rugby league competition and reached the quarter finals. The Year 8 students, entering for the second time, reached the semi-finals. The Cricket team won the Royal Grammar Schools Festival for the first time in the school's history. 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. The House system is a way to widen the involvement of students in competitive sport.

Students with SEN, students in receipt of the Pupil Premium and students experiencing 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 bidding for funding for premises developments and was able to replace boilers, recover the technology block roof and build a multi-purpose facility.

Where vacancies occurred in 2013, 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 2013. Trips to France, Belgium, Italy, Germany, Switzerland, Greece, Russia and China were organised in 2012/13.

In 2013 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.

New A level subjects and the EPQ were additional options taken up by more A level students in 2013. 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 third year in succession. This was probably in all three cases the top individual performance by any A level student in the country.

Examination Results in 2013**A level**

Percentage of A*, A, B (excluding General Studies)	93%
Average UCAS points score per student (total)	645

GCSE/IGCSE

Percentage of A*/A	83%
5 A* - C pass rate	100%
Average GCSE points score per student (total)	695 (This score was higher than in 2012 and 2011, as was the capped score and the average points per entry)

Going Concern

After making appropriate enquiries, the Board of Trustees 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 1 January 2012, a school rated "outstanding" in every category by OFSTED in November 2007. The Boarding section was rated 'outstanding' in a National Care Standards' inspection in 2010. The Academy is an 11-18 selective school that sees A level performance as its ultimate key performance indicator. It has been the top performing school nationally in the DfE post 16 performance tables for the last seven years in succession.

The total number of students on roll in the year ending 31 August 2013 was 842. From 1 September 2013 the roll was 847. The school is oversubscribed at every level and the staffing is able and stable. The Academy's PAN for 11+ entry is 96.

Colchester Royal Grammar School 7769103

Trustees' Report (continued)

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 school is considering 4 forms of entry at 11+ from September 2015.

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 Agency (EFA) during the year ended 31 August 2013 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.

During the year ended 31 August 2013, total expenditure of £5,606,267 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £346,043.

At 31 August 2013 the net book value of fixed assets was £9,191,489 and movements in tangible fixed assets are shown in the note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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 31 August 2013 and supporting notes to the accounts £1,157,000.

Comparative figures for the Statement of Financial Activities, Cash Flow Statement and Notes to the Financial Statements cover the academy trust's initial 8 month period.

Financial and Risk Management Objectives and Policies

The trustees 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 trustee 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. The changes to 16-19 funding, the removal of protection factors and the increased emphasis on closing the gap and Pupil Premium pose a significant threat to the funding level of the school. Numbers of applicants to the school are high because of the school's provision and success. The school will use this popularity to increase its roll and increase its income. This puts a constant pressure on the school to maintain its high level of achievement and broad educational experience so as to remain attractive. The HK 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. This was managed successfully in 2013. 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 totalled £445,475 at 31 August 2013 and 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. The trustees consider this is a suitable level of reserves in the current circumstances. The reserves policy is reviewed annually.

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.

Colchester Royal Grammar School 7769103

Trustees' Report (continued)

or income or extra staffing needs in any particular period. Additional reserves are being held this year which are earmarked for redecoration and refurbishment.

The academy trust has a deficit of £1,157,000 (2012: £1,049,000) on the restricted LGPS pension reserve. This is a long term liability which is being addressed by payment of additional contributions as determined by the scheme's actuaries. These contributions are being met from the academy's budgeted annual income and there is no direct impact on the free reserves of the academy.

Investment Policy

The Finance Committee considers the level of surplus funds and makes appropriate recommendations for investment as necessary.

Plans for Future Periods

The trustees 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 trustees 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

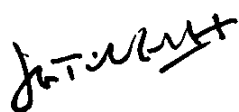
In so far as the trustees are aware:

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

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 12 December 2013 and signed on its behalf by

Signed



Dr J G Tillett MBE
Chair of Trustees

Colchester Royal Grammar School 7769103

Governance Statement**Scope of Responsibility**

As trustees, 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 board of trustees 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 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 Trustee's Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Mrs G Barntt	2	4
Mr N Brinded	3	4
Mr S Blaxill	2	4
Mrs D Botham	4	4
Mrs S J Ellis	2	4
Mr R Green	2	4
Mr P Hoddell	2	2
Mr K L Jenkinson Headmaster	4	4
Mr J C Johnston	4	4
Mrs J Owens	3	4
Mrs J Perry	2	4
Dr R Rampling	4	4
Mr D Ratcliffe	1	1
Mr P Roberts	4	4
Mrs C Scott	3	4
Dr J G Tillett MBE	4	4
Mr R Tuck	2	4
Mr I Turner	4	4
Mr P Watkins MBE	4	4
Mrs L J Howlett (Clerk)	4	4

The Finance Committee is a sub-committee of the board of trustees. 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 board of trustees' 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 board of trustees on a regular basis.

Attendance at meetings in the period was as follows:

Trustee	Meetings Attended	Out of a Possible
Mr J C Johnston	3	4
Mr K L Jenkinson Headmaster	4	4
Mrs J Owens	4	4
Mr I Turner	3	4
Mrs J Perry	4	4
Dr J G Tillett MBE	4	4
Dr R Rampling	3	4

Governance Statement (continued)**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Colchester Royal Grammar School for the period 1 September 2012 to 31 August 2013 and up to the date of approval for the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval for the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees,
- regular reviews by the 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 Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed S Ellis, a trustee, 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 termly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The RO reports for the year were presented in accordance with the schedule and there are no material control issues arising.

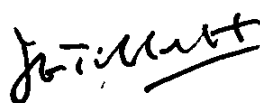
Review of Effectiveness

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

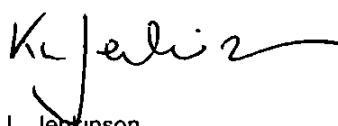
- the work of the Responsible Officer,
- the work of the external auditor,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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 ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12th December 2013 and signed on its behalf by



Dr J G Tillet MBE
Chair of Trustees



K L Jenkinson
Accounting Officer

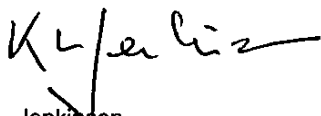
Colchester Royal Grammar School 7769103

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Colchester Royal Grammar School I have considered my responsibility to notify the Academy Trust Board of Trustees 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 Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



K L Jenkinson
Accounting Officer

Statement of Trustees' Responsibilities

The Trustees (who act as governors 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 trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the trustees to prepare the financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 trustees are required to

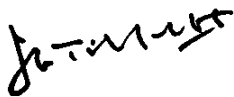
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed subject to any material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

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

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

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

Approved by the order of the members of the Board of Trustees on 12 December 2013 and signed on its behalf by



Dr J G Tillett MBE
Chair of Trustees

Colchester Royal Grammar School 7769103

Independent Auditor's Report on the Financial Statements to the Members of Colchester Royal Grammar School

We have audited the financial statements of Colchester Royal Grammar School for the year ended 31 August 2013 which comprise 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 2013 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 trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (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 Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2013, 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 2013 issued by the Education Funding Agency.

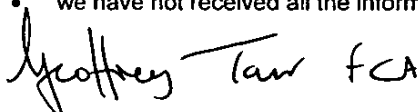
Opinion on other matter prescribed by the Companies Act 2006

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

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 trustees' 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

17th December 2013

4 & 5 The Cedars
Apex 12
Old Ipswich Road

Colchester Royal Grammar School 7769103

Independent Reporting Auditor'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 8 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 September 2012 to 31 August 2013 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 auditor

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, extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 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 2013 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

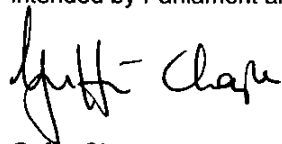
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

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 September 2012 to 31 August 2013 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

17th December 2013

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

Colchester Royal Grammar School 7769103

Statement of Financial Activities for the year ended 31 August 2013

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Incoming resources						
<i>Incoming resources from generated funds</i>						
- Voluntary Income	2	75,917	31,095	108,030	215,042	126,265
- Transfer from local authority and CRGS Trust on conversion		-	-	-	-	8,226,382
- Activities for generating funds	3	93,070	4,840	-	97,910	77,054
- Investment Income	4	1,725	1,117	-	2,842	1,672
<i>Incoming resources from charitable activities</i>						
- Funding for the academy trust's educational operations	5	-	4,650,520	901,642	5,552,162	3,075,290
- Other income	3	460,485	38,942	-	499,427	268,332
- Provision of boarding activities	28	-	270,960	-	270,960	168,200
Total incoming resources		631,197	4,997,474	1,009,672	6,638,343	11,943,195
Resources expended						
<i>Cost of generating funds</i>						
- Costs of activities for generating funds	6	58,499	2,001	-	60,500	52,622
<i>Charitable activities</i>						
- Academy trust educational operations	7	479,724	4,443,625	382,904	5,306,253	3,462,626
- Provision of boarding activities	28	-	230,558	-	230,558	150,094
- Governance costs	8	-	8,956	-	8,956	16,524
Total resources expended	6	538,223	4,685,140	382,904	5,606,267	3,681,866
Net incoming/(outgoing) resources before transfers		92,974	312,334	626,768	1,032,076	8,261,329
Gross transfers between funds	16	(5,883)	(53,382)	59,265	-	-
Net income/(expenditure) for the year		87,091	258,952	686,033	1,032,076	8,261,329
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	16, 26	-	(44,000)	-	(44,000)	(173,000)
Net movement in funds		87,091	214,952	686,033	988,076	8,088,329
Reconciliation of funds						
1 September 2012	16	358,384	(893,683)	8,623,628	8,088,329	-
Funds carried forward at 31 August 2013		445,475	(678,731)	9,309,661	9,076,405	8,088,329

All of the academy's activities derive from continuing operations during the above two financial periods

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Colchester Royal Grammar School 7769103

Balance Sheet as at 31 August 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	12	<u>9,191,489</u>	<u>8,618,513</u>
		9,191,489	8,618,513
Current assets			
Stock	13	2,913	5,407
Debtors	14	309,832	74,627
Cash at bank and in hand		<u>1,215,735</u>	<u>846,157</u>
		1,528,480	926,191
Liabilities			
Creditors Amounts falling due within one year	15	<u>(486,564)</u>	<u>(407,375)</u>
Net current assets		1,041,916	518,816
Total assets less current liabilities		10,233,405	9,137,329
Creditors amounts falling due after more than one year			
Pension scheme liability	26	<u>(1,157,000)</u>	<u>(1,049,000)</u>
Net assets including pension liability		9,076,405	8,088,329
Funds of the Academy Trust			
Restricted income funds			
- Fixed asset fund	16	9,309,661	8,623,628
- General fund	16	478,269	155,317
- Pension reserve	16	<u>(1,157,000)</u>	<u>(1,049,000)</u>
Total restricted funds		8,630,930	7,729,945
Unrestricted funds			
- General fund	16	445,475	358,384
Total unrestricted funds		445,475	358,384
Total funds		9,076,405	8,088,329

The financial statements on pages 17 to 37 were approved by the Trustees, and authorised for issue on 12 December 2013 and are signed on their behalf by



Dr J G Tillet MBE
Chair of Trustees

Cash Flow Statement for the year ended 31 August 2013

	Notes	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Net cash inflow from operating activities	20	314,178	551,707
Cash transferred on conversion to an academy trust		-	321,206
Returns on investments and servicing of finance	21	2,842	1,672
Capital expenditure	22	52,558	(28,428)
Increase in cash in the year		369,578	846,157
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012	23	846,157	-
Net funds at 31 August 2013		1,215,735	846,157

Notes to the Financial Statements for the year ended 31 August 2013**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 trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the academy trust 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital Grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

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 trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 trust's policies.

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 trust's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**1 Statement of Accounting Policies (continued)****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 trust'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%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased Assets

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

Stock

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**1 Statement of Accounting Policies (continued)****Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi employer scheme and the academy trust 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 year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 trust at the discretion of the Trustees.

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 Education Funding Agency and Department for Education.

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**2 Voluntary Income**

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Donations - Revenue	75,917	31,095	107,012	126,265
Donations - Capital	-	108,030	108,030	-
	<u>75,917</u>	<u>139,125</u>	<u>215,042</u>	<u>126,265</u>

3 Activities for Generating Funds and Other Income

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Activities for Generating Funds				
Hire of Facilities	21,210	-	21,210	21,675
Items Sold	13,459	2,237	15,696	9,509
Income from Services Provided	58,401	2,603	61,004	45,870
	<u>93,070</u>	<u>4,840</u>	<u>97,910</u>	<u>77,054</u>
Other Income				
Insurance Claims	3,022	167	3,189	4,094
Academy Trips	275,683	-	275,683	139,299
Catering Income	181,780	-	181,780	98,849
Examination fees	-	38,775	38,775	26,090
	<u>460,485</u>	<u>38,942</u>	<u>499,427</u>	<u>268,332</u>

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Bank Interest	1,725	1,117	2,842	1,672
	<u>1,725</u>	<u>1,117</u>	<u>2,842</u>	<u>1,672</u>

Colchester Royal Grammar School 7769103

5 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
DfE/EFA Capital Grants				
Capital Grants	-	901,642	901,642	81,396
	-	901,642	901,642	81,396
DfE/EFA Revenue Grants				
General Annual Grant	-	4,483,530	4,483,530	2,919,853
DfE/EFA Grants	-	24,270	24,270	38,472
	-	4,507,800	4,507,800	2,958,325
Other Government Grants				
Other Government Grants	-	142,720	142,720	35,569
	-	142,720	142,720	35,569
	-	5,552,162	5,552,162	3,075,290

Colchester Royal Grammar School 7769103

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**6 Resources Expended**

	Non Pay Expenditure			Year ended	Period
	Staff Costs	Premises	Other Costs	ended 31 August	ended 31 August
	£	£	£	2013	2012
				£	£
Costs of activities for generating funds	23,684	5,994	30,822	60,500	52,622
Academy's educational operations					
• Direct costs	2,970,732	382,904	654,880	4,008,516	2,603,370
• Allocated support costs	658,021	149,467	490,249	1,297,737	859,256
Provision of boarding activities	120,344	13,011	97,203	230,558	150,094
	<u>3,772,781</u>	<u>551,376</u>	<u>1,273,154</u>	<u>5,597,311</u>	<u>3,665,342</u>
Governance costs(including allocated support costs)	-	-	8,956	8,956	16,524
	<u>3,772,781</u>	<u>551,376</u>	<u>1,282,110</u>	<u>5,606,267</u>	<u>3,681,866</u>

Incoming/outgoing resources for the year include:

		Year ended	Period
		31 August	ended 31 August
		2013	2013
		£	£
Operating leases		5,088	3,801
Fees payable to auditor	- audit	6,640	5,650
	- other services	300	-

Colchester Royal Grammar School 7769103

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Direct Costs				
Teaching and educational support staff costs	315	3,008,651	3,008,966	2,000,486
Depreciation	-	382,904	382,904	240,487
Technology costs	-	39,461	39,461	-
Educational supplies	6,765	75,669	82,434	49,764
Examination fees	225	177,453	177,678	145,556
Staff development	-	11,265	11,265	5,725
Educational consultancy	1,824	16,490	18,314	10,569
Other direct costs	268,109	19,385	287,494	159,270
	<u>277,238</u>	<u>3,731,278</u>	<u>4,008,516</u>	<u>2,611,857</u>
Allocated Support Costs				
Support staff costs	76,553	635,566	712,119	433,287
Technology costs	29	23,781	23,810	52,004
Recruitment and support	760	28,120	28,880	19,729
Maintenance of premises and equipment	9,033	142,958	151,991	60,317
Cleaning	-	7,748	7,748	6,165
Rent, rates and water	-	25,438	25,438	15,653
Energy costs	-	65,292	65,292	40,723
Insurance	-	29,104	29,104	52,642
Travel and subsistence	55	7,497	7,552	4,052
Catering	99,152	20,858	120,010	65,499
Bank interest and charges	-	34,010	34,010	25,000
Other support costs	16,904	74,879	91,783	75,698
	<u>202,486</u>	<u>1,095,251</u>	<u>1,297,737</u>	<u>850,769</u>
	<u>479,724</u>	<u>4,826,529</u>	<u>5,306,253</u>	<u>3,462,626</u>

8 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Legal and professional fees	-	1,817	1,817	10,874
Auditor's remuneration				
- Audit of financial statements	-	6,640	6,640	5,650
- Other audit costs	-	300	300	-
Governors' reimbursed expenses	-	199	199	-
	<u>-</u>	<u>8,956</u>	<u>8,956</u>	<u>16,524</u>

Colchester Royal Grammar School 7769103

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**9 Staff Costs**

	Year ended 31 August 2013	Period ended 31 August 2012
Staff costs during the period were	£	£
Wages and salaries	3,113,213	2,073,653
Social security costs	237,290	156,693
Pension costs	422,278	268,465
	<u>3,772,781</u>	<u>2,498,811</u>
of which		
Supply Teacher costs	10,640	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

	2013 No.	2012 No.
Charitable Activities		
Teachers	55	55
Administration and support	40	38
Management	5	5
	<u>100</u>	<u>98</u>

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

	2013 No.	2012 No. (annualised)
£60,001 - £70,000	1	-
£100,001 - £110,000	1	1

Both of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £22,742 (2012 £14,104 annualised)

10 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows

K L Jenkinson (headmaster and trustee)	£110,000 - £115,000 (2012 £75,000-£80,000)
N Brinded (staff trustee)	£50,000- £55,000 (2012 £30,000 - £35,000)
R Rampling (staff trustee)	£40,000- £45,000 (2012 £25,000- £30,000)
D Ratcliffe* (staff trustee)	£0- £5,000
D Slade* (staff trustee)	£20,000-£25,000 (2012 £15,000-£20,000)

*Where an appointment was for part of the year the salary only relates to the term as trustee

During the year retirement benefits were accruing to 4 trustees (2012 4) in respect of defined benefit pension schemes

During the year ended 31 August 2013, travel and subsistence expenses totalling £198(2012 £nil) were reimbursed to 1 trustee

Other related party transactions involving the trustees are set out in note 27

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**11 Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,453 (2012 £963)

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

12 Tangible Fixed Assets

	Freehold & Leasehold Buildings £	Plant and Machinery £	Furniture and Equipment £	Computer Equipment and Software £	Vehicles £	Assets Under Construction £	Total £
Cost or Valuation							
At 1 September 2012	8,410,248	9,071	265,804	94,415	5,313	74,149	8,859,000
Additions	57,033	2,500	9,514	45,161	-	841,672	955,880
Transfer on completion	-	134,924	-	-	-	(134,924)	-
At 31 August 2013	8,467,281	146,495	275,318	139,576	5,313	780,897	9,814,880
Depreciation							
At 1 September 2012	193,436	1,209	17,522	27,612	708	-	240,487
Charged in year	290,629	24,719	27,241	39,252	1,063	-	382,904
At 31 August 2013	484,065	25,928	44,763	66,864	1,771	-	623,391
Net Book Values							
At 31 August 2013	7,983,216	120,567	230,555	72,712	3,542	780,897	9,191,489
At 31 August 2012	8,216,812	7,862	248,282	66,803	4,605	74,149	8,618,513

13 Stock

	2013 £	2012 £
Catering Supplies	2,913	5,407
	2,913	5,407

14 Debtors

	2013 £	2012 £
Trade debtors	44,002	-
VAT recoverable	49,856	13,348
Other debtors	97,677	2,961
Prepayments and accrued income	118,297	58,318
	309,832	74,627

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**15 Creditors amounts falling due within one year**

	2013	2012
	£	£
Trade creditors	91,748	49,368
Taxation and social security	-	72,925
Other creditors	-	51,735
Accruals and deferred income	394,816	233,347
	486,564	407,375

Deferred Income (included within the above)

	2013	2012
	£	£
Deferred Income at 1 September 2012	103,289	-
Resources deferred in the year	191,117	103,289
Amounts released from previous years	(103,289)	-
Deferred Income at 31 August 2013	191,117	103,289

Deferred income held at 31 August 2013 related to boarding income, academy trips and government grants received in advance

Colchester Royal Grammar School 7769103

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

16 Statement of Funds

	Balance at 1 September 2012 £	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains / Losses £	Balance at 31 August 2013 £
Restricted general funds						
General Annual Grant (GAG)	21,004	4,483,530	(4,148,862)	(143,044)	-	212,628
Other DfE/EFA Grants	7,082	24,270	(18,767)	-	-	12,585
Provision for Boarding	58,032	270,960	(226,057)	(8,221)	-	94,714
Other Restricted Funds	69,199	120,714	(124,724)	(117)	-	65,072
N E Essex Teaching School Alliance	-	98,000	(4,730)	-	-	93,270
Pension Reserve	(1,049,000)	-	(162,000)	98,000	(44,000)	(1,157,000)
	(893,683)	4,997,474	(4,685,140)	(53,382)	(44,000)	(678,731)
Restricted fixed asset funds						
DfE/EFA Capital Grants	7,247	901,642	(22,963)	-	-	885,926
Capital expenditure from GAG	30,311	-	(18,059)	55,544	-	67,796
Donated Assets	8,509,464	-	(341,347)	-	-	8,168,117
Capital Expenditure from Other Funds	76,606	-	(535)	3,721	-	79,792
Other Capital Income	-	108,030	-	-	-	108,030
	8,623,628	1,009,672	(382,904)	59,265	-	9,309,661
Total restricted funds	7,729,945	6,007,146	(5,068,044)	5,883	(44,000)	8,630,930
Unrestricted funds						
Unrestricted Revenue Funds	358,384	631,197	(538,223)	(5,883)	-	445,475
Total unrestricted funds	358,384	631,197	(538,223)	(5,883)	-	445,475
Total funds	8,088,329	6,638,343	(5,606,267)	-	(44,000)	9,076,405

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

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

N E Essex Teaching School Alliance grants are used to fund the Alliance in its programme to lead and support teaching and learning

The trust is carrying a net surplus of £478,269 (excluding pension reserve) on restricted general funds and £445,475 unrestricted funds

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**17 Analysis of Net Assets between Funds**

Fund balances at 31 August 2013 are represented by

	Unrestricted funds £	Restncted general funds £	Restricted fixed asset funds £	Total funds 2013 £
Tangible fixed assets	-	-	9,191,489	9,191,489
Current assets	535,196	695,032	298,252	1,528,480
Current liabilities	(89,721)	(216,763)	(180,080)	(486,564)
Pension scheme liability	-	(1,157,000)	-	(1,157,000)
Total net assets	445,475	(678,731)	9,309,661	9,076,405

18 Capital Commitments

	2013 £	2012 £
Contracted for, but not provided in the financial statements		
Boiler contract	-	67,246
Studio project	215,678	-
	215,678	67,246

19 Financial Commitments**Operating Leases**

At 31 August 2013 the academy trust had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Other		
Expiring within one year	1,034	-
Expiring within two and five years inclusive	2,371	5,088
	3,405	5,088

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**20 Reconciliation of Net Income to Net Cash Inflow from Operating Activities**

	2013	2012
	£	£
Net income	1,032,076	8,261,329
Pension scheme deficit transferred in	-	844,000
Depreciation (note 12)	382,904	240,487
Capital grants from DfE and other capital income	(1,008,438)	(81,396)
Fixed assets transferred on conversion	-	(8,749,176)
Cash transferred from Local Authorities	-	(321,206)
Interest receivable (note 4)	(2,842)	(1,672)
FRS17 pension cost less contributions payable (note 26)	30,000	7,000
FRS17 pension finance income/(cost) (note 26)	34,000	25,000
(Increase)/decrease in stocks	2,494	(5,407)
(Increase)/decrease in debtors	(235,205)	(74,627)
Increase/(decrease) in creditors	79,189	407,375
Net cash Inflow from Operating Activities	314,178	551,707

21 Returns on Investments and Servicing of Finance

	2013	2012
	£	£
Interest received	2,842	1,672
Net cash inflow from returns on investment and servicing of finance	2,842	1,672

22 Capital Expenditure and Financial Investment

	2013	2012
	£	£
Purchase of tangible fixed assets	(955,880)	(109,824)
Capital grants	901,642	81,396
Capital funding received from sponsors and other donations	106,796	-
Net cash outflow from capital expenditure and financial investment	52,558	(28,428)

23 Analysis of Changes in Net Funds

	At 1 September 2012	Cash flows	At 31 August 2013
	£	£	£
Cash in hand and at bank	846,157	369,578	1,215,735
	<u>846,157</u>	<u>369,578</u>	<u>1,215,735</u>

Notes to the Financial Statements for the year ended 31 August 2013 (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 year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member

26 Pension and Similar Obligations

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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010

There were no outstanding contributions at the end of the financial year (2012 £54,694)

Teachers' Pension Scheme**Introduction**

The Teachers Pension Scheme is a statutory, contributory, defined benefit scheme governed by the Teachers Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS is assessed in two parts First, a standard contribution rate was 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 review, 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 to 31 March 2004 The Government Actuary'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 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth was assumed to be 1.5% The assumed gross rate of return was 6.5% From 1 January 2007, 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 years) 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

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**26 Pension and Similar Obligations (continued)**

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation is still to be determined, but is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the spending review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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.

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 2013 was £128,000, of which employer's contributions totalled £98,000 and employees' contributions totalled £30,000. The agreed contribution rates for future years are 12.3% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,700	5.50%
£13,701 - £16,100	5.80%
£16,101 - £20,800	5.90%
£20,801 - £34,700	6.50%
£34,701 - £46,500	6.80%
£46,501 - £87,100	7.20%
Above £87,100	7.50%

Colchester Royal Grammar School 7769103

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**26 Pension and Similar Obligations (continued)****Principal Actuarial Assumptions**

	At 31 August 2013 p.a	At 31 August 2012 p.a.
Rate of increase in salaries	4.70%	3.70%
Rate of increase for pensions in payment/inflation	2.90%	1.90%
Discount rate for scheme liabilities	4.70%	3.90%
Expected return on assets	3.70%	2.70%
Commutations of pensions to lump sums	2.90%	1.90%

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

	At 31 August 2013	At 31 August 2012
<i>Retiring today</i>		
Males	22.7	22.7
Females	25.3	25.3
<i>Retiring in 20 years</i>		
Males	24.2	24.1
Females	26.9	26.8

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	6.60%	426,000	5.90%	305,000
Gilts	3.50%	52,000	2.80%	27,000
Bonds	4.40%	59,000	3.90%	40,000
Property	5.60%	72,000	4.90%	58,000
Cash	0.50%	20,000	0.50%	18,000
Alternative Assets	4.40%	26,000	0.00%	-
Total market value of assets		655,000		448,000
- Funded		(1,812,000)		(1,497,000)
Deficit in the scheme		(1,157,000)		(601,000)

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

The return on the Fund in market value terms for the period to 31 August 2013 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

The actual return on scheme assets was £79,000 (2012: £19,000).

Colchester Royal Grammar School 7769103

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**26 Pension and Similar Obligations (continued)****Amounts recognised in the statement of financial activities**

	2013 £	2012 £
Current service cost (net of employee contributions)	128,000	70,000
Total operating charge	128,000	70,000

	2013 £	2012 £
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	27,000	14,000
Interest on pension liabilities	(61,000)	(39,000)
Pension finance income/(costs)	(34,000)	(25,000)

The actuarial gains and losses for the current year 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 FRS17 is a £217,000 loss (2012 £173,000 loss)

Movements in the present value of defined benefit obligations were as follows

	2013 £	2012 £
Opening defined benefit obligation	1,497,000	1,191,000
Current service cost	128,000	70,000
Interest cost	61,000	39,000
Employee contributions	30,000	20,000
Actuarial (gain) / loss	96,000	177,000
Scheme liabilities at 31 August	1,812,000	1,497,000

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

	2013 £	2012 £
Transfer in of scheme assets	448,000	347,000
Expected return on scheme assets	27,000	14,000
Actuarial gain / (loss)	52,000	4,000
Employers contributions	98,000	63,000
Employee contributions	30,000	20,000
Fair value of scheme assets at 31 August	655,000	448,000

The estimated value of employer contributions for the year ended 31 August 2014 is £99,000

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**26 Pension and Similar Obligations (continued)**

The history of experience adjustments is as follows

	2013	2012
	£	£
Present value of defined benefit obligations	(1,812,000)	(1,497,000)
Fair value of share of scheme assets	655,000	448,000
Deficit in scheme	(1,157,000)	(1,049,000)
	£	£
Experience adjustments on share of scheme assets	52,000	4,000
Experience adjustments on scheme liabilities	(96,000)	(177,000)

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

27 Related Party Transactions

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

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

Atkins Limited – a company in which J Owens was an employee until December 2012.

Transactions totalling £9,688 were paid in the period to 31/12/12 constituting a full design service for re-roofing the Technology Block, and the design and contract administration for the technology and dining boiler replacements (2012 £14,060). There were no amounts outstanding at 31 August 2013 (2012 £660).

Birkett Long LLP – of which P Hoddell is a member.

Transactions totalling £405 for the provision of legal helpline support were paid in the period (2012 £nil).

Kent Blaxill & Co Ltd – a company in which S Blaxill is managing director.

Transactions totalling £1,422 were paid in the period relating to the provision of repairs and maintenance supplies and services, and the purchasing of safety clothing (2012 £1,247). There were no amounts outstanding at the year end (2012 £90).

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

Transactions totalling £780 for the purchasing of audio visual supplies and the rental of equipment for school productions took place in the period (2012 £1,436).

Academic Asia UK Ltd – a company in which Dr J G Tillett is related to an employee.

Payments totalling £10,780 were made in the period in relation to the recruitment of overseas boarders (2012 £nil).

Notes to the Financial Statements for the year ended 31 August 2013 (continued)**28 Academy Boarding Trading Account for the year ended 31 August 2013**

		Year ended 31 August 2013	<i>Period ended 31 August 2012</i>
	£	£	£
Income			
Fee income	269,460		167,200
Other income	<u>1,500</u>		<u>1,000</u>
		270,960	168,200
Expenditure			
Direct Costs			
Goods and services	39,908		24,628
Other direct costs	<u>15,783</u>		<u>3,276</u>
Total direct costs	55,691		27,904
Indirect costs			
Staff costs	120,344		82,278
Utilities	30,102		21,379
Security	242		250
Buildings maintenance	12,769		10,746
Other indirect costs	<u>11,410</u>		<u>7,537</u>
Total indirect costs	174,867		122,190
Total operating costs		<u>230,558</u>	<u>150,094</u>
Surplus on Boarding		40,402	18,106
Transfer to Restricted Fixed Asset Fund		<u>(3,720)</u>	<u>-</u>
		36,682	18,106
Surplus brought forward at 1 September 2012		<u>58,032</u>	<u>39,926</u>
Surplus brought forward at 31 August 2013		<u>94,714</u>	<u>58,032</u>