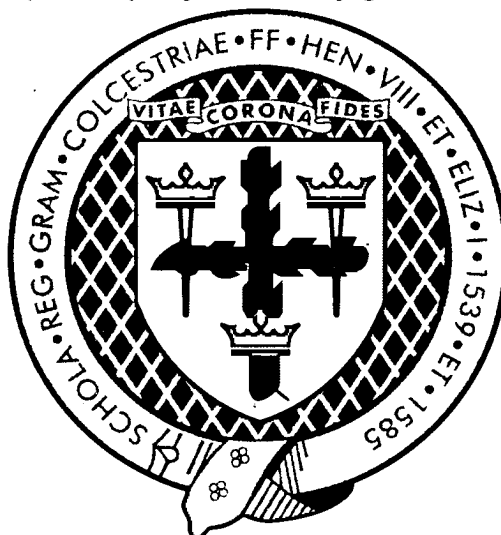


COLCHESTER ROYAL GRAMMAR SCHOOL

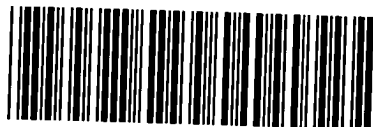
(A company limited by guarantee)



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

THURSDAY



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COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

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<p>COLCHESTER ROYAL GRAMMAR SCHOOL (A company limited by guarantee)</p>

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Mr J R Russell Dr J G Tillett MBE Mr J C Johnston Mrs J Owens Mr P Roberts Mrs G A Barritt Mrs J Perry Mr R A Crayston
Trustees	Mr J Russell, Headmaster & Accounting Officer Dr J G Tillett MBE Mrs J Perry, Chair Mr J C Johnston Mrs J Owens Mrs S J Ellis, Responsible Officer (retired 20 July 2018) Mrs D Botham (retired 26 November 2017) Mr P Roberts Mr N Brinded (retired 18 November 2017) ¹ Mr P Watkins MBE (retired 16 April 2018) Mr I Turner Mrs G A Barritt, Vice Chair Mr P Hoddell Mr D Ratcliffe ¹ Mr R Nagarjuna (retired 27 November 2017) Mr M Elliff Mrs D M Hoy Mr R T Neale ¹ Mr R A Crayston (appointed 1 September 2017) Mr G Constantinides (appointed 26 November 2017) Mrs S Azarmi (appointed 28 November 2017) Mr I Ross (appointed 28 November 2017) ¹ ¹ Staff Trustee
Company registered number	7769103
Company name	Colchester Royal Grammar School
Principal and registered office	6 Lexden Road Colchester Essex CO3 3ND
Company secretary	A Jennings
Clerk to the Trustees	J Tompkins
Senior management team	J Russell, Headmaster T Chambers, Deputy Headteacher A Livingston, Assistant Headteacher R Adams, Assistant Headteacher A Jennings, Business Manager

<p>COLCHESTER ROYAL GRAMMAR SCHOOL (A company limited by guarantee)</p>

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors	Griffin Chapman Chartered Accountants Statutory Auditors 4 & 5 The Cedars Apex 12 Old Ipswich Road Colchester Essex CO7 7QR
Bankers	Lloyds Bank 27 High Street Colchester Essex CO1 1DU Virgin Money Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
Solicitors	Veale Wasborough Vizards Orchard Court Orchard Lane Bristol Essex BS1 5WS Birkett Long 42 Crouch Street Colchester Essex CO3 3HH

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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. As an Academy, it actively supports the wider community, and in particular it supports 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.

It had a roll of 931 in the school census in May 2018 census.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Colchester Royal Grammar School 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 during the year are included in the Reference and Administrative Details on page 1

Members' Liability

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

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees have an induction meeting with the Chair of Trustees and the Headmaster. They have a subsequent meeting and tour of the school with the Headmaster. Trustees are provided with copies of the 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 Chair and Vice-Chair 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. 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(s) and the Business Manager.

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

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Group which includes a Deputy Head, two Assistant Heads and the Business Manager. 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, where the Headmaster deems it appropriate, will 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, Boarding and Marketing. 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.

Arrangements for setting pay and remuneration of key management personnel

CRGS' policy is to ensure that pay enables the current and future delivery of the curriculum and school improvement plans. CRGS has a salary committee which has delegated powers from the Governing Body to make decisions on pay within the bands which have been approved by the Governing Body.

Key teaching management personnel are paid in accordance with Teachers Pay & Conditions - including the recommended Group for the Headteacher and Individual Salary Range - The Burgundy Book and in accordance with the school Pay Policy. Key support management personnel are paid in accordance with Local Government Pay, The Green Book and in accordance with the school Pay Policy. Pay scales are published and approved by the Full Governing Body on an annual basis.

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Trade Union facility time (as per The Trade Union Facility Time Publication Requirements Regulations 2017)

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£331
Total pay bill	£4,209,267
Percentage of the total pay bill spent on facility time	0.008%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.51%
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Related Parties and other Connected Charities and Organisations

The Academy's major formal financial link with another organisation is with the CRGS Trust - the academy'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:

- A strategic partner in the Colchester Teacher Training Consortium, which organises ITT in Colchester.
- 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 founder member of the Grammar School Heads Association.
- A member of the Association of Secondary Heads in Essex (ASHE) and NEASHE.

Objectives and Activities

Objects and Aims

CRGS aims to be a world class school, rivalling 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

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 delivering an academically demanding curriculum and teaching 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 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 governing board level. The Headmaster and Leadership Group plan for continuous improvement and monitor the quality and effectiveness of all the academy's activities. Regular reports are made to trustees on progress at the termly committee meetings and the full governors' 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, development 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 2017/18 were:

- Maintain the school's national academic standing
- Increase the school roll to generate increased revenue
- Expand the school's facilities to accommodate increased numbers
- Continue to make savings and generate income to respond to the reduced funding level
- Continue to improve Health and Safety at the school, targeting policies and procedures
- Continue to strengthen the provision for students with mental health problems
- Improve communication within and outside the school community
- Continue to develop a Governors' Marketing Group
- Continuing to provide a wealth of extracurricular opportunities for the students
- Manage the new arrangements for selection at 11+ and 16+
- Work with the CSSE in its management of Testing Before Application
- Respond to staffing changes and recruit a high calibre staff for 2018/19
- Review the Boarding provision and structure and improve the boarding facilities
- Recruit to capacity without sacrificing the ability of the intake at 11+
- Review the curricular offer
- Promote CPO across departments at CRGS
- Consider developing foreign links
- Promote CRGS values
- Develop links with the alumni association, the Old Colcestrian Society
- Provide bespoke practice for Oxbridge, Medical, Vet, Dentistry and Law applicants

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Strategies

The strategies for attaining these objectives were based on developing clear channels of communication with all stakeholders and devising clear and manageable action plans so that everyone was clear about the actions necessary in order to deliver all the outcomes. The trustees were informed of all relevant national developments and available choices so that they could make informed decisions about the future direction of the school. The Headmaster and Leadership group lead initiatives, take responsibility for actions and report to trustees on progress. All this had to be achieved by the efficient use of resources and by engaging others outside the school so that all developments were affordable, sustainable and constituted best value.

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 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. Schools Out hired areas of the school to provide a very successful school holiday activity camp catering for all age groups from 4-16 years old. 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.

Strategic Report

Achievements and Performance

CRGS was oversubscribed at all levels in 2017/18 and able to recruit to capacity at 11+ and 16+. The school roll was at its highest to date in this school year, and CRGS has sought to maximize its central funding income so that it can continue to deliver its services without sacrificing the quality of its provision. There was a joined-up strategy where all CRGS support groups: CRGS Trust; CRGSA and the OC's worked with the school to focus on the academy's needs to ensure that the very activities and facilities at risk because of the cuts and changes of emphasis in government funding were maintained. This includes the activities which engage the wider community, offer a full education and benefit the public, such as sport, music, drama, community involvement, school-to-school support and educational trips and visits. The school regards such opportunities as central to its ethos and has taken steps to protect them. The Governors review regularly the Risk Register to take account of the changes in the risks facing the school and the action taken to manage the risks previously identified.

Changes in the Boarding House staffing have been managed without affecting the quality of the provision in the Boarding House.

The academic results at all levels in 2018 were excellent and maintained the school's national standing as one of the leading schools in the country. The curricular offer was rich and included academic opportunities outside the timetable. Year 13s were offered the opportunity to achieve an EPQ, GCSE students Spanish, Geology, Astronomy and PE and A level students Government and Politics outside the curriculum. Bespoke practice was provided for students applying for Oxbridge, Medical subjects and Law so that they could prepare for the tests and interviews involved. All this was dependent on and the result of the goodwill of staff, governors, parents, OCs and friends of the school. The decision to stay with IGCSE and AS for 17/18 was made because it was considered to be in the best interests of the students.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

In the extracurricular field CRGS had full and strong fixture lists in all sports, highly acclaimed musical and drama productions, a range of other activities, visits and trips. Exchanges with France and Germany were held and CRGS sports teams and music groups travelled abroad to perform.

The school has been awarded the prestigious SafetyMark award for the fourth year running recognizing that the school has demonstrated excellent safety management practices and procedures. This has been evidenced by a comprehensive audit.

The school was also awarded The Sunday Times Parent Power East Anglia State Secondary School of the Year Award.

Key Performance Indicators

The Boarding Ofsted of November 2016 judged the provision 'outstanding' in all categories. The recommendations were acted on and implemented immediately. The school is now rated 'outstanding' for every category of school and boarding inspection criteria.

The school also received 'outstanding' internal audit reports for its finance operation in 2017/18.

GCSE results (2018)

100% 5A*-C (including English and Maths); 80% A*/A; 56% A* pass rate; 54% achieved at least 10A*/A; 26% achieved 10 A* or better and 54% achieved A*/A or better.

Recruitment into Year 12 for September 2018; 195 students

A level results (2018)

93.4% A*-B; 103 students obtained 3 or more A*/A grades; over 30 students achieve 3 or more A* grades.

DfE Performance Tables (Jan 2018)

CRGS was ranked 15th in the country for the percentage of students achieving AAB (based on 2017 results). At GCSE CRGS was ranked 30th nationally by on the Attainment 8 criterion when including IGCSE English Literature

Financial KPI's

	2018	2017
GAG income per pupil	£4,576	£4,704
GAG income as % of total income	72.99%	74.6%
Staff costs as % of GAG income	99.74%	95.1%

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. There are no material uncertainties about the academy's ability to continue.

Financial Review

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also has been in receipt of capital grants from the ESFA through the bid process for Condition Improvement Funding. 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

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018, total expenditure of £6,113,039 was less than recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £88,426. All expenditure has supported the objectives of the Academy. The restricted and unrestricted income fund reserves held at 31 August 2018 were £1,967,448. These reserves are held to support the academy budget in times of reduced funding levels and in particular to cover the level of lagged funding whilst the academy is increasing its numbers on roll.

At 31 August 2018 the net book value of fixed assets was £10,231,474 and movements in tangible fixed assets are shown in the note 14 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 FRS102, the Academy received an actuarial assessment of the pension scheme deficit. The deficit balance of £1,940,000 is included within the balance sheet as at 31 August 2018 and supporting notes to the accounts.

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 £1,205,236 at 31 August 2018 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 restricted funds not available for general purposes of the academy trust totalled £10,997,942. This includes the restricted fixed asset reserve of £10,235,730 which can only be realised by the disposal of fixed assets. 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 or income or extra staffing needs in any particular period. The academy will ensure a budget is set achieving a minimum 8% rate of return.

The academy trust has a deficit of £1,940,000 (2017: £2,160,000) 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.

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Principal Risks and Uncertainties

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 assesses the risks arising.

As an Academy, the level of financial risk will essentially be determined by the government's funding formulae for academies. Income no longer covers expenditure so this has to be kept under constant review with the government 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 funding gap and Pupil Premium pose a significant threat to the funding level of the Academy. Numbers of applicants to the Academy are high because of the Academy's provision and success. The Academy is using this popularity to increase its roll and increase its income. This puts a constant pressure on the Academy to maintain its high level of achievement and broad educational experience so as to remain attractive. The Hong Kong boarding market is shrinking but still buoyant enough to present CRGS with applicants. Other markets have been successfully explored, both at home and abroad, and there is sufficient demand for CRGS boarding to give the school confidence for the future.

The funding of the school is subject to political decisions, and CRGS has to amend its provision to adapt to recent funding changes. The funding model for A Level is still a concern for a school such as CRGS because a 3 A level funding model does not cover the CRGS curriculum offer which provides the opportunity to study 4 or 5 A levels.

CRGS is dependent on its strong ethos where individuals give generously of their own time for the benefit of the students. To maintain its extracurricular provision, parental contributions and staff goodwill are vital. For this reason the onus is on the school to create an environment which promotes and encourages this high level of personal support. CRGS has created strong partnerships with its parents and alumni so that this support is forthcoming.

The school is also dependent on its ability to recruit high calibre staff and provide for their continued professional development. Succession planning is key to sustaining a high level of provision and the unique ethos of the school.

Fundraising

The Academy carries out fundraising activities to generate additional income to support its budget. The methods and processes are well planned and monitored effectively to ensure the Academy complies with the code of fundraising practice. The Academy acts in the best interests of the Academy ensuring reasonable care is taken to protect its reputation and to ensure it is open and reasonable in its activities. Complete and accurate returns are made so the Academy receives the tax reliefs which it is entitled to.

This year the Academy has sought professional advice for its fundraising activities for the coming year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Plans for Future Periods

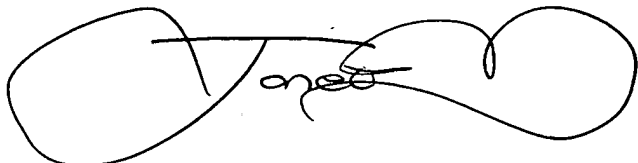
The trustees intend to maintain the Academy's quality of provision and high national standing by retaining and recruiting a high calibre staff and creating a learning environment and experience which will attract able students at all levels. This will require prudential financial management and the generation 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. The trustees will continue to seek to generate income through fundraising and outreach work. The school is continuing with its five year programme of expansion.

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 Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Perry', enclosed within a large, loopy oval shape.

Mrs J Perry
Chair of Trustees

COLCHESTER ROYAL GRAMMAR SCHOOL
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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. He is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 3 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 S Azarmi (appointed 28/11/2017)	3	3
Mrs G Barritt	3	3
Mrs D Botham (retired 26/11/2017)	0	0
Mr N Brinded (retired 18/11/2017)	0	0
Mr G Constanrinides (appointed 26/11/2017)	3	3
Mr M Elliff	3	3
Mrs S J Ellis (retired 20/07/2018)	2	3
Mr P Hoddell	2	3
Mrs D M Hoy	2	3
Mr J Johnston	2	3
Mr R Nagarjunan (retired 27/11/2017)	0	0
Mr R Neale	3	3
Mrs J Owens, Vice Chair	3	3
Mrs J Perry (Chair)	3	3
Mr D Ratcliffe	3	3
Mr P Roberts	3	3
Mr I Ross (appointed 28/11/2017)	2	3
Mr J Russell (Headmaster)	3	3
Dr J G Tillett MBE	1	3
Mr I Turner	2	3
Mr P Watkins MBE (retired 16/08/2018)	2	2

The major challenge for the school continues to be managing the finances effectively in line with the funding provided by government.

The trustees have also continued to prioritise the school's management of Health and Safety. Time and training have been invested in raising the awareness of staff to the requirements under the new GDPR regulations.

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 year was as follows:

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Trustee	Meetings attended	Out of a possible
Mr J C Johnston	4	4
Mr J Russell	4	4
Mr A Crayston	3	4
Mr I Turner	3	4
Mrs J Perry	4	4
Mr D Ratcliffe	3	4

The Finance Committee is composed of trustees with a high level of financial competence. Its purpose is to oversee the financial management and ensure the financial propriety of the school and to plan strategically to secure the academy's continuity as a viable business.

The priority of the Finance Committee was to monitor the in-year spending within the budget. It is also overseeing the medium-term budget plan so that the academy's finances can be managed prudently over the next three to five years in a climate of reduced funding and rising costs.

REVIEW OF VALUE FOR MONEY

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

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

Continuing to get some extremely good deals by reviewing our book suppliers and negotiating discounts, this has achieved a real cost saving for the school at a time when a high volume of books were being purchased for new syllabuses and additional pupils are being provided for.

Replacing the SAN a critical piece of the school network infrastructure. Competitive quotes were obtained from companies that were invited to the school to analyse our existing infrastructure. It was important a suitable replacement was purchased at the best price.

Negotiation of an extension to the operating leases for our two prime photocopiers resulted in a 50% reduction to our rent giving the school a significant saving.

Competitive quotations for the five yearly fixed wire testing for the whole school was obtained to ensure best value for money.

The Trustees have in place a best value statement which is regularly reviewed and provides the framework for the way in which the school's resources are allocated.

Trustees and school managers are challenged to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

The academy benchmarks financial performance against other academy trusts.

Contracts are regularly reviewed and negotiated to ensure best value is obtained. Our Financial Regulations are rigorously followed and state that competitive quotations must be obtained for all purchases over £5,000. Over £50,000 any contract must be tendered.

<p>COLCHESTER ROYAL GRAMMAR SCHOOL (A company limited by guarantee)</p>

GOVERNANCE STATEMENT (continued)

The academy explores opportunities to generate income to support its activities. It has primarily been done this year through the income from vending machines, sale of photographs, and the use of the swimming pool by the community, letting of the premises, school productions, concerts and the Science Festival celebration day. The Parents' Association and the Old Colcestrian Society have raised money to support the school and supplement its revenue income.

The academy applies for grants and bids for funding as appropriate.

Quality is of vital importance to CRGS when considering Best Value. The cheapest option may not necessarily offer the best value and can require additional maintenance costs or provide poor service. It is necessary to complete projects to a high standard and not to compromise on quality or functionality if one wants to achieve a sustainable and effective outcome. This often requires the generation of additional income to afford a better quality product.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The academy has a risk register which is regularly reviewed by the Risk Management Group to ensure it accurately reflects the schools major risks to the continued operation of the school. The significance of the impact of the risk and the immediacy of the need to take action to manage the risk has been used to identify the priorities of the academy. This is a live document along with the school improvement plan which is considered at every committee meeting to ensure needs, opportunities and risks are recognised timely and appropriate action considered.

THE RISK AND CONTROL FRAMEWORK

The Academy'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.

COLCHESTER ROYAL GRAMMAR SCHOOL
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GOVERNANCE STATEMENT (continued)

The board of trustees has considered the need for a specific internal audit function and has decided to appoint School's Choice as internal auditor.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliations
- Testing of planning cycle and budget
- Testing of insurance
- Testing of income controls
- Testing of management accounting
- Testing of governance

The Schools Choice reports are reviewed after every visit to ensure good governance is being maintained and to consider any recommended action should it arise. The visits this year have confirmed that robust processes are in place for the areas of testing and the academy has achieved an overall score of 'outstanding'.

On a quarterly basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headmaster 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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy 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 RO 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 11 December 2018 and signed on their behalf, by:



Mrs J Perry
Chair of Trustees



Mr J R Russell
Accounting Officer

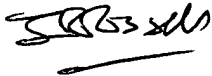
COLCHESTER ROYAL GRAMMAR SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Colchester Royal Grammar School I have considered my responsibility to notify the Academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy trust, under the funding agreement in place between the Academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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



Mr J R Russell
Accounting Officer

Date: 11 December 2018

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

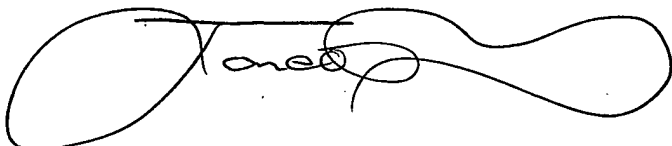
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:



Mrs J Perry
Chair of Trustees

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL**

OPINION

We have audited the financial statements of Colchester Royal Grammar School for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

<p>COLCHESTER ROYAL GRAMMAR SCHOOL (A company limited by guarantee)</p>

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

This report is made solely to the Academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mr Daniel Aldworth (Senior statutory auditor)

for and on behalf of

Griffin Chapman

Chartered Accountants
Statutory Auditors

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

Date:

12 December 2018

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
COLCHESTER ROYAL GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Colchester Royal Grammar School during the year 1 September 2017, to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF COLCHESTER ROYAL GRAMMAR SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Colchester Royal Grammar School's funding agreement with the Secretary of State for Education dated 1 January 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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'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 of 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.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
COLCHESTER ROYAL GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Daniel Aldworth (Reporting Accountant)

for and on behalf of: Griffin Chapman
Chartered Accountants

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

Date: 12 December 2018

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	212,941	42,313	82,478	337,732	283,647
Charitable activities:	3					
Provision of boarding	26	-	370,400	-	370,400	351,370
Academy's educational operations	3	-	4,322,958	-	4,322,958	4,329,840
Other trading activities	4	92,626	36,450	-	129,076	106,312
Investments	5	1,666	-	-	1,666	1,843
Other income	6	650,035	24,636	-	674,671	615,120
TOTAL INCOME		957,268	4,796,757	82,478	5,836,503	5,688,132
EXPENDITURE ON:						
Raising funds:						
Trading and fundraising		68,154	10,876	-	79,030	57,260
Charitable activities:						
Provision of boarding	26	-	283,340	-	283,340	275,531
Other charitable activities	7	660,458	4,611,116	479,095	5,750,669	5,636,613
TOTAL EXPENDITURE	7	728,612	4,905,332	479,095	6,113,039	5,969,404
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		228,656	(108,575)	(396,617)	(276,536)	(281,272)
Transfers between Funds	18	-	(208,507)	208,507	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		228,656	(317,082)	(188,110)	(276,536)	(281,272)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	427,000	-	427,000	(71,000)
NET MOVEMENT IN FUNDS		228,656	109,918	(188,110)	150,464	(352,272)
RECONCILIATION OF FUNDS:						
Total funds brought forward		976,580	(1,287,706)	10,423,840	10,112,714	10,464,986
TOTAL FUNDS CARRIED FORWARD		1,205,236	(1,177,788)	10,235,730	10,263,178	10,112,714

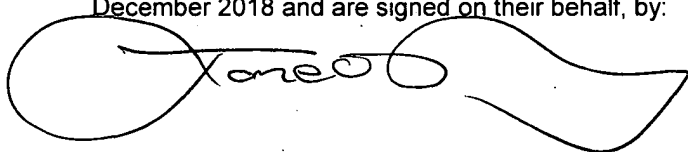
The notes on pages 27 to 50 form part of these financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 7769103

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		10,231,474		10,402,745
CURRENT ASSETS					
Stocks	15	4,804		3,021	
Debtors	16	200,030		181,007	
Cash at bank and in hand		2,517,256		2,295,978	
		<u>2,722,090</u>		<u>2,480,006</u>	
CREDITORS: amounts falling due within one year	17	(750,386)		(610,037)	
NET CURRENT ASSETS			1,971,704		1,869,969
TOTAL ASSETS LESS CURRENT LIABILITIES			12,203,178		12,272,714
Defined benefit pension scheme liability	23		(1,940,000)		(2,160,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>10,263,178</u>		<u>10,112,714</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	762,212		872,294	
Restricted fixed asset funds	18	10,235,730		10,423,840	
Restricted income funds excluding pension liability		10,997,942		11,296,134	
Pension reserve		(1,940,000)		(2,160,000)	
Total restricted income funds			9,057,942		9,136,134
Unrestricted income funds	18		1,205,236		976,580
TOTAL FUNDS			<u>10,263,178</u>		<u>10,112,714</u>

The financial statements on pages 24 to 50 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



Mrs J Perry
Chair of Trustees

The notes on pages 27 to 50 form part of these financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>444,956</u>	<u>467,613</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,666	1,843
Purchase of tangible fixed assets		(307,822)	(266,624)
Capital grants from DfE Group		82,478	39,471
Net cash used in investing activities		<u>(223,678)</u>	<u>(225,310)</u>
Change in cash and cash equivalents in the year		221,278	242,303
Cash and cash equivalents brought forward		<u>2,295,978</u>	<u>2,053,675</u>
Cash and cash equivalents carried forward		<u><u>2,517,256</u></u>	<u><u>2,295,978</u></u>

The notes on pages 27 to 50 form part of these financial statements.

<p>COLCHESTER ROYAL GRAMMAR SCHOOL (A company limited by guarantee).</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Colchester Royal Grammar School constitutes a public benefit entity as defined by FRS 102.

1.2 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	2% and 3.45% straight line
Furniture and equipment	-	10% straight line
Plant and equipment	-	20% straight line
Motor vehicles	-	20% straight line
Computer equipment and software	-	33% straight line

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

1.6 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.12 Taxation

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA.

Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The funds received and paid and any balance held for all agency arrangements are disclosed in notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.15 Fund accounting

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

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

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

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	212,941	42,313	-	255,254	244,176
Capital Grants	-	-	82,478	82,478	39,471
	<u>212,941</u>	<u>42,313</u>	<u>82,478</u>	<u>337,732</u>	<u>283,647</u>
<i>Total 2017</i>	<u>177,458</u>	<u>66,718</u>	<u>39,471</u>	<u>283,647</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Academy's Educational Operations	-	4,322,958	4,322,958	4,329,840
Provision of Boarding Activities	-	370,400	370,400	351,370
	-	4,693,358	4,693,358	4,681,210
<i>Total 2017</i>	-	4,681,210	4,681,210	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Colchester Royal Grammar School

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	4,260,203	4,260,203	4,248,036
Other Government Grants	-	62,755	62,755	81,804
	-	4,322,958	4,322,958	4,329,840
<i>Total 2017</i>	-	4,329,840	4,329,840	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	35,665	-	35,665	28,407
Income from services provided	47,535	28,383	75,918	65,191
Items sold	9,426	8,067	17,493	12,714
	92,626	36,450	129,076	106,312
<i>Total 2017</i>	92,867	13,445	106,312	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,666	-	1,666	1,843
<i>Total 2017</i>	<u>1,843</u>	<u>-</u>	<u>1,843</u>	

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Catering income	308,303	-	308,303	268,183
Academy trips	340,127	-	340,127	312,813
Examination fees	-	24,636	24,636	31,418
Other incoming resources	1,605	-	1,605	2,706
	<u>650,035</u>	<u>24,636</u>	<u>674,671</u>	<u>615,120</u>
<i>Total 2017</i>	<u>583,702</u>	<u>31,418</u>	<u>615,120</u>	

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	28,803	7,260	42,967	79,030	57,260
Academy's Educational Operations					
Direct costs	3,202,571	356,166	732,911	4,291,648	4,266,913
Support costs	871,329	115,122	472,570	1,459,021	1,369,700
Provision of Boarding:					
Direct costs	7,217	-	7,718	14,935	36,345
Support costs	139,028	32,039	97,338	268,405	239,186
	<u>4,248,948</u>	<u>510,587</u>	<u>1,353,504</u>	<u>6,113,039</u>	<u>5,969,404</u>
<i>Total 2017</i>	<u>4,116,389</u>	<u>506,953</u>	<u>1,346,062</u>	<u>5,969,404</u>	

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy's Educational Operations	4,291,648	1,459,021	5,750,669	5,636,613
Provision of Boarding Activities	14,935	268,405	283,340	275,531
Total 2018	4,306,583	1,727,426	6,034,009	5,912,144
Total 2017	4,303,258	1,608,886	5,912,144	

Analysis of direct costs

	Academy's Educational Operations £	Provision of Boarding £	Total 2018 £	Total 2017 £
Technology costs	28,162	3,146	31,308	35,351
Educational supplies	88,128	3,549	91,677	88,369
Examination fees	149,094	437	149,531	175,459
Staff development	6,788	416	7,204	11,355
Educational consultancy	4,204	-	4,204	5,159
Other direct costs	333,606	170	333,776	307,238
Wages and salaries	2,579,095	6,829	2,585,924	2,556,761
National insurance	252,274	388	252,662	259,837
Pension cost	371,202	-	371,202	374,572
Depreciation	479,095	-	479,095	489,157
	4,291,648	14,935	4,306,583	4,303,258
At 31 August 2017	4,266,913	36,345	4,303,258	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Academy's Educational Operations £	Provision of Boarding £	Total 2018 £	Total 2017 £
Pension finance cost	54,000	-	54,000	41,000
Staff costs	871,329	139,028	1,010,357	895,578
Technology costs	21,025	-	21,025	29,630
Recruitment and support	18,230	6,000	24,230	25,183
Maintenance of premises and equipment	79,142	26,852	105,994	112,319
Cleaning	8,268	6,408	14,675	15,146
Rent, rates and water	38,275	5,187	43,462	47,848
Energy costs	54,980	25,418	80,398	103,425
Insurance	23,515	-	23,515	23,630
Travel and subsistence	3,546	2,116	5,662	7,474
Catering	184,436	43,346	227,782	191,900
Bank interest and charges	9,686	-	9,686	9,307
Other support costs	82,909	14,050	96,960	97,263
Support costs - governance	9,680	-	9,680	9,183
	<u>1,459,021</u>	<u>268,405</u>	<u>1,727,426</u>	<u>1,608,886</u>
<i>At 31 August 2017</i>	<u>1,369,700</u>	<u>239,186</u>	<u>1,608,886</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	479,092	489,156
Auditors' remuneration - audit	7,750	7,750
Auditors' remuneration - other services	3,395	3,350
Governance Internal audit costs	930	995
Operating lease rentals	<u>1,483</u>	<u>2,472</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,245,807	3,191,461
Social security costs	290,363	292,883
Operating costs of defined benefit pension schemes	673,097	621,916
	<u>4,209,267</u>	<u>4,106,260</u>
Agency staff costs	39,681	10,129
	<u><u>4,248,948</u></u>	<u><u>4,116,389</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	62	66
Administration and support	105	99
Management	5	6
	<u>172</u>	<u>171</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	55	51
Administration and support	43	42
Management	5	6
	<u>103</u>	<u>99</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1

The above employees all participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff were £26,232 (2017: £25,224).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £513,919 (2017: £559,117).

11. TRUSTEES' REMUNERATION AND EXPENSES

The highest paid Trustee received remuneration of £93,093 (2017 - £91,114).

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

		2018	2017
		£'000	£'000
Mr J Russell	Remuneration	90-95	90-95
	Pension contributions paid	15-20	10-15
Mr N Brinded	Remuneration	5-10	45-50
	Pension contributions paid	0-5	5-10
Dr R Rampling to 15/06/2017	Remuneration		30-35
	Pension contributions paid		5-10
Mr D Ratcliffe	Remuneration	40-45	35-40
	Pension contributions paid	5-10	5-10
R Neale from 6/07/2017	Remuneration	35-40	5-10
	Pension contributions paid	5-10	0-5
I Ross	Remuneration	30-35	
	Pension contributions paid	5-10	

During the year, no other Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2017 - £NIL).

12. 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 2018 was £115 (2017 - £367).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. OTHER FINANCE INCOME/COST

	2018 £	2017 £
Interest on pension scheme liabilities	<u>(54,000)</u>	<u>(41,000)</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term Leasehold property £	Plant and machinery £	Motor vehicles £	Assets under construction £
Cost or valuation					
At 1 September 2017	7,508,187	4,262,157	179,042	5,313	-
Additions	844	-	-	-	241,103
Disposals	-	-	-	-	-
At 31 August 2018	<u>7,509,031</u>	<u>4,262,157</u>	<u>179,042</u>	<u>5,313</u>	<u>241,103</u>
Depreciation					
At 1 September 2017	935,617	827,139	151,220	5,313	-
Charge for the year	209,949	146,217	11,089	-	-
On disposals	-	-	-	-	-
At 31 August 2018	<u>1,145,566</u>	<u>973,356</u>	<u>162,309</u>	<u>5,313</u>	<u>-</u>
Net book value					
At 31 August 2018	<u>6,363,465</u>	<u>3,288,801</u>	<u>16,733</u>	<u>-</u>	<u>241,103</u>
At 31 August 2017	<u>6,572,570</u>	<u>3,435,018</u>	<u>27,822</u>	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. TANGIBLE FIXED ASSETS (continued)

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2017	474,107	376,147	12,804,953
Additions	19,000	46,874	307,821
Disposals	-	(38,226)	(38,226)
At 31 August 2018	<u>493,107</u>	<u>384,795</u>	<u>13,074,548</u>
Depreciation			
At 1 September 2017	214,069	268,850	2,402,208
Charge for the year	48,620	63,217	479,092
On disposals	-	(38,226)	(38,226)
At 31 August 2018	<u>262,689</u>	<u>293,841</u>	<u>2,843,074</u>
Net book value			
At 31 August 2018	<u>230,418</u>	<u>90,954</u>	<u>10,231,474</u>
At 31 August 2017	<u>260,038</u>	<u>107,297</u>	<u>10,402,745</u>

The Trustees have based their valuation of the freehold and long leasehold buildings, gifted on conversion, on the remaining useful life assessment and existing use valuation prepared by DTZ for the EFA. For the purposes of these financial statements the land is deemed to have no commercial value.

The leasehold buildings are occupied under a 125 year lease which commenced on 20 February 2012 at a peppercorn rent.

15. STOCKS

	2018 £	2017 £
Catering and Ties	<u>4,804</u>	<u>3,021</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. DEBTORS

	2018 £	2017 £
Trade debtors	18	43,004
VAT recoverable	40,887	5,106
Other debtors	31,904	41,457
Prepayments and accrued income	127,221	91,440
	<u>200,030</u>	<u>181,007</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	247,530	26,222
Other taxation and social security	72,661	70,673
Other creditors	90,257	84,128
Accruals and deferred income	339,938	429,014
	<u>750,386</u>	<u>610,037</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	240,834	224,101
Resources deferred during the year	200,579	240,834
Amounts released from previous years	(240,834)	(224,101)
Deferred income at 31 August 2018	<u>200,579</u>	<u>240,834</u>

Deferred income held at 31 August 2018 related to boarding income, academy trips and government grants received in advance.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	976,580	957,268	(728,612)	-	-	1,205,236
Restricted funds						
General Annual Grant (GAG)	558,733	4,283,329	(4,115,339)	(184,897)	-	541,826
Provision of boarding	228,518	370,400	(283,340)	(184,500)	-	131,078
Pupil premium	402	19,713	(19,713)	-	-	402
Other restricted reserves	84,641	123,315	(130,045)	10,995	-	88,906
Pension reserve	(2,160,000)	-	(356,895)	149,895	427,000	(1,940,000)
	<u>(1,287,706)</u>	<u>4,796,757</u>	<u>(4,905,332)</u>	<u>(208,507)</u>	<u>427,000</u>	<u>(1,177,788)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	10,423,840	82,478	(479,095)	208,507	-	10,235,730
Total restricted funds	<u>9,136,134</u>	<u>4,879,235</u>	<u>(5,384,427)</u>	<u>-</u>	<u>427,000</u>	<u>9,057,942</u>
Total of funds	<u>10,112,714</u>	<u>5,836,503</u>	<u>(6,113,039)</u>	<u>-</u>	<u>427,000</u>	<u>10,263,178</u>

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. DfE/ESFA 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.

Boarding funds support the provision of boarding activities.

Pupil Premium fund includes all income and expenditure in relation to the pupil premium grant.

Other restricted reserves are various funds which are applied to specific restricted purposes.

The pension reserve represents the deficit on the LGPS pension scheme.

The restricted fixed asset fund represents the cost or valuation of fixed assets held by the academy trust and any unspent capital grant income.

Unrestricted funds are those arising from unrestricted activities and can be applied for any purpose.

During the year £24,007 was transferred to restricted fixed asset reserve from restricted funds. This is capital expenditure met from GAG.

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18. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	789,215	855,870	(668,505)	-	-	976,580
Restricted funds						
General Annual Grant (GAG)	530,257	4,275,635	(4,094,681)	(152,478)	-	558,733
Provision of boarding	152,679	351,370	(275,531)	-	-	228,518
Pupil premium	558	17,274	(17,430)	-	-	402
Other restricted reserves	84,967	135,431	(135,757)	-	-	84,641
Pension reserve	(1,926,000)	-	(288,343)	125,343	(71,000)	(2,160,000)
	(1,157,539)	4,779,710	(4,811,742)	(27,135)	(71,000)	(1,287,706)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	10,833,310	52,552	(489,157)	27,135	-	10,423,840
Total of funds	10,464,986	5,688,132	(5,969,404)	-	(71,000)	10,112,714

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	789,215	1,813,138	(1,397,117)	-	-	1,205,236

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18. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	530,257	8,558,964	(8,210,020)	(337,375)	-	541,826
Provision of boarding	152,679	721,770	(558,871)	(184,500)	-	131,078
Pupil premium	558	36,987	(37,143)	-	-	402
Other restricted reserves	84,967	258,746	(265,802)	10,995	-	88,906
Pension reserve	(1,926,000)	-	(645,238)	275,238	356,000	(1,940,000)
	<u>(1,157,539)</u>	<u>9,576,467</u>	<u>(9,717,074)</u>	<u>(235,642)</u>	<u>356,000</u>	<u>(1,177,788)</u>

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	10,833,310	135,030	(968,252)	235,642	-	10,235,730
	<u>9,675,771</u>	<u>9,711,497</u>	<u>(10,685,326)</u>	<u>-</u>	<u>356,000</u>	<u>9,057,942</u>
Total of funds	<u>10,464,986</u>	<u>11,524,635</u>	<u>(12,082,443)</u>	<u>-</u>	<u>356,000</u>	<u>10,263,178</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	10,231,473	10,231,473
Current assets	1,307,511	1,341,500	73,080	2,722,091
Creditors due within one year	(102,275)	(579,288)	(68,823)	(750,386)
Provisions for liabilities and charges	-	(1,940,000)	-	(1,940,000)
	<u>1,205,236</u>	<u>(1,177,788)</u>	<u>10,235,730</u>	<u>10,263,178</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,402,746	10,402,746
Current assets	1,096,323	1,362,592	21,094	2,480,009
Creditors due within one year	(119,743)	(490,298)	-	(610,041)
Provisions for liabilities and charges	-	(2,160,000)	-	(2,160,000)
	<u>976,580</u>	<u>(1,287,706)</u>	<u>10,423,840</u>	<u>10,112,714</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(276,536)	(281,272)
Adjustment for:		
Depreciation charges	479,092	489,156
Dividends, interest and returns from investments	(1,666)	(1,843)
Increase in stocks	(1,783)	(7)
(Increase)/decrease in debtors	(19,023)	354,945
Increase/(decrease) in creditors	140,350	(216,895)
Capital grants from DfE and other capital income	(82,478)	(39,471)
Defined benefit pension scheme cost less contributions payable	152,000	122,000
Defined benefit pension scheme finance cost	54,000	41,000
Defined benefit pension scheme administration cost	1,000	-
Net cash provided by operating activities	444,956	467,613

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	2,517,256	2,295,978
Total	2,517,256	2,295,978

22. CAPITAL COMMITMENTS

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	57,531	-

The capital commitment at 31 August 2018 relates to the completion of the refurbishment of boarding accommodation.

23. PENSION COMMITMENTS

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

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

Contributions amounting to £64,586 were payable to the schemes at 31 August 2018 (2017 - £63,784) and are included within creditors.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £371,202 (2017 - £374,572).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £192,000 (2017 - £165,000), of which

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23. PENSION COMMITMENTS (continued)

employer's contributions totalled £149,000 (2017 - £126,000) and employees' contributions totalled £43,000 (2017 - £39,000). The agreed contribution rates for future years are 21.4% - 22.4% for employers and variable rates of 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Expected return on scheme assets at 31 August	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	3,596,000	3,580,000
Discount rate -0.1%	3,746,000	3,730,000
Mortality assumption - 1 year increase	3,800,000	3,784,000
Mortality assumption - 1 year decrease	3,544,000	3,529,000
CPI rate +0.1%	3,738,000	3,718,000
CPI rate -0.1%	3,604,000	3,592,000

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23. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,102,000	975,000
Gilts	92,000	93,000
Corporate bonds	101,000	58,000
Property	154,000	145,000
Cash and other liquid assets	59,000	46,000
Derivatives	155,000	114,000
Other managed funds	67,000	63,000
Total market value of assets	<u>1,730,000</u>	<u>1,494,000</u>

The actual return on scheme assets was £97,000 (2017 - £173,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(301,895)	(247,343)
Interest cost	(54,000)	(41,000)
Administration expenses	(1,000)	-
Total	<u>(356,895)</u>	<u>(288,343)</u>
Actual return on scheme assets	<u>97,000</u>	<u>173,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,656,100	3,050,757
Current service cost	301,895	247,343
Interest cost	95,000	67,000
Employee contributions	43,000	39,000
Actuarial (gains)/losses	(371,000)	287,000
Benefits paid	(52,000)	(35,000)
Closing defined benefit obligation	<u>3,672,995</u>	<u>3,656,100</u>

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

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

	2018 £	2017 £
Opening fair value of scheme assets	1,496,100	1,124,757
Interest income	41,000	26,000
Actuarial losses	56,000	216,000
Employer contributions	149,895	125,343
Employee contributions	43,000	39,000
Benefits paid	(52,000)	(35,000)
Administration expenses	(1,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>1,732,995</u>	<u>1,496,100</u>

24. 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.

25. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

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

Birkett Long LLP - of which P Hoddell is a member

The trust received legal services of £156 (2017: £nil). At the year end £nil (2017: £nil) was outstanding which is included in trade creditors.

During the year Mrs L Holmes who is the wife of N Brinded, a trustee, was employed by the school as a teacher, and was remunerated in accordance with her contract of employment on Band 2 of the pay scale.

During the year Mrs M Russell who is the wife of J Russell, a trustee, was employed by the school as a teacher, and was remunerated in accordance with her contract of employment on Band 3 of the pay scale.

In entering into the transactions above, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. ACADEMY BOARDING TRADING ACCOUNT

	2018 £	2017 £
Income		
Fee income	370,400	349,320
Other income	-	2,050
	<u>370,400</u>	<u>351,370</u>
Direct costs		
Goods and services	(43,840)	(43,135)
Other direct costs	(15,288)	(12,280)
	<u>(59,128)</u>	<u>(55,415)</u>
Indirect costs		
Staff costs	(145,660)	(142,019)
Utilities	(30,963)	(37,443)
Security	(114)	(69)
Buildings maintenance	(37,363)	(26,762)
Other indirect costs	(10,112)	(13,823)
	<u>(224,212)</u>	<u>(220,116)</u>
Transfer to restricted fixed asset fund	(184,500)	-
Surplus b/fwd at 1 September 2016	<u>228,518</u>	<u>152,679</u>
Surplus c/fwd at 31 August 2017	<u><u>131,078</u></u>	<u><u>228,518</u></u>

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2018 the trust received £9,370 and disbursed £8,021 from the fund. There was an outstanding balance at the year end of £1,349 which is included in other creditors.

The academy trust collected income on behalf of Essex Music Services of £19,398, all of which was paid over during the year. There was no balance outstanding at the year end.