

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

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GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

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GROBY COMMUNITY COLLEGE
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 MARCH 2017

Members	R Coles H Brown V Galloway
Trustees	H Brown, Chair of Trustees V Galloway, Vice Chair of Trustees (resigned 12 September 2017) ¹ B Leonard (resigned 19 June 2017) ¹ C Cox (resigned 31 March 2017) ¹ J Shaw (resigned 12 September 2017) M Rule (resigned 31 March 2017) B Mistry ¹ K Rush (resigned 12 September 2017) R Coles, Headteacher A Hammond, Staff Trustee (resigned 12 September 2017) G Atkinson (appointed 12 September 2017) S Ghumra (appointed 12 September 2017) M Gil (appointed 1 April 2017) B Jones (appointed 12 September 2017) A Lee-Bennett (appointed 1 April 2017) M Richardson (appointed 1 April 2017) H Stockhill (appointed 1 April 2017) ¹ Leadership & Management Committee
Company registered number	08133601
Company name	Groby Community College
Principal operating office	Ratby Road Groby Leicester Leicestershire LE6 0GE
Senior management team	R Coles, Headteacher C Hubbard, Deputy Headteacher G Godwin, Deputy Headteacher (Employed by The Brookvale Groby Learning Trust) M Bearne, Deputy Headteacher S Armston, Assistant Headteacher (Employed by The Brookvale Groby Learning Trust) K Lee, Assistant Headteacher (Employed by The Brookvale Groby Learning Trust)
Independent auditors	Magma Audit LLP Chartered Accountants 340 Melton Road Leicester LE4 7SL

GROBY COMMUNITY COLLEGE
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 March 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 14 to 18 serving a catchment area in Groby, Ratby, Kirby Muxloe and surrounding areas. It has a pupil capacity of 900 and had a roll of 851 in the school census on 19 May 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

The school is an Academy Trust, company limited by guarantee and a registered charity.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The charitable company was incorporated on 6 July 2012. The school converted to Academy status on 1 September 2012 when its operations, assets and liabilities were transferred to the Academy from the Local Authority. On 1 April 2017 all assets, liabilities and operations were transferred to Brookvale Groby Learning Trust, a Multi Academy Trust.

The Governors act as the Trustees for the charitable activities of Groby Community College and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Groby Community College. Details of the Trustees who served throughout the year, except as noted, are included in the reference and administrative details.

● **Members' liability**

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

● **Trustees' indemnities**

The Companies Act 2006 S236 requires disclosure concerning qualifying third party indemnity provisions. Up to 31 August 2016 in accordance with normal commercial practice the Academy had purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,311. The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent act, errors or omissions occurring whilst on academy premises, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

● **Method of recruitment and appointment or election of Trustees**

The Governing Body of Groby Community College is constituted as laid down in its Articles of Association and is made up of not less than three Trustees but has no stated maximum, allowing membership to reflect the needs of the school. All Trustees, other than the Headteacher, serve for a term of four years after which they are required to be re elected/re appointed. Staff Trustees are appointed through open election for all eligible members of staff.

The Trustees who are entitled to nominate or appoint one or more Trustees are:

R Coles
H Brown
V Galloway

There are no differences to the appointment of different types of Trustees.

● **Policies and procedures adopted for the induction and training of Trustees**

The training and induction for new Trustees depends on their existing experience and is tailored specifically to the needs of the individual. Groby Community College contracted with the LA Trustees Development service, which provided Trustees with induction training and other specified courses as required.

Where a training need was identified appropriate training was procured. The Governing Body held a budget to allow for training needs to enable such needs to be financed where necessary. Reports of training undertaken and any action subsequently identified were submitted to the Full Governing Body.

● **Organisational structure**

The Governors who are also the charity Trustees were responsible for the overall management and control of the school and met a minimum of four times each academic year.

The work involved in reviewing and ratifying policies was either completed in the Full Governing Body meeting or was delegated to the members of the Strategic Leadership and Management Committee. The Leadership and Management committee met at least once per term and worked as directed by a chair appointed at the first full Trustees meeting at the start of the academic year. Terms of reference of the Leadership and Management Committee and the campus advisory teams for Teaching and Learning and Student Wellbeing were reviewed and ratified annually at this meeting. The clerk to the Trustees were responsible for arranging meetings, supporting the work of the Trustees, the preparation of agendas and the review of matters arising. The College Bursar was responsible for the preparation of budget monitoring. The Headteacher was responsible for the agenda of the Leadership and Management committee. Other teams had a member of SLT nominated to convene.

Trustees were not paid any remuneration or expenses for carrying out their duties.

The Headteacher was responsible for the day to day running of the school including teaching and learning, pastoral and administrative functions and was supported by the senior leadership team. Day to day administration was undertaken within the policies and procedures agreed by the Trustees with major expenditure and other significant decisions being referred to the Trustees in line with agreed policy/procedure.

The Headteacher oversees the recruitment of all educational staff. He was a Staff Trustee, Accounting Officer and attended all Governing Body and sub-committee meetings.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

● **Pay policy for key management personnel**

The Headteacher's pay was set as part of the guidance laid down in the School Teachers' Pay and Conditions documents published by the DFE in September 2016. The size of the college and the age range of the students means that the Headteacher's pay falls into Group 7 and falls within the acceptable range of £67,963 – £97,128. The Governing Body have set the pay range from L24 to L39.

Pay for the Headteacher was set by the Pay Policy and permitted progression at 1 leadership pay point every two years subject to satisfactory Performance Management. The same criteria was applied to all Senior Leaders (Deputy and Assistant Headteachers).

The Governing Body delegated responsibility for pay progression of the Headteacher and the Senior Leaders to the Pay Committee, who along with an independently appointed advisor made the decisions on the Headteacher's pay. The pay committee also made the pay decisions for all Senior Leaders and other staff subject them having passed their Performance Management. The Governing Body ratify the Pay Committee's decisions.

● **Connected organisations, including related party relationships**

The Academy is an independent company in all aspects. The Vision 4-19 Trust was an 'umbrella' trust within which members of Ratby Primary School, Groby Community College, Brookvale High School and Lady Jane Grey Primary School each contributed and accounted for one fourth of the trust. The Vision 4-19 Trust held no funds and does not trade.

During the period the Academy has worked in closer partnership with Brookvale High School including joint committees of governors to scrutinise Teaching, Learning and Student Wellbeing and merged curriculum departments for most areas. On 1 April 2017 all activities of the single Academy Trust of Groby Community College were transferred to the Brookvale Groby Learning Trust MAT.

The Headteacher and Senior Leadership Team are members of several professional organisations and regularly attend a range of local and county meetings to enable them to keep up to date with current educational policies/practice and thinking. The college is a strategic member in the Thomas Estley Learning Alliance (TELA) which is a Teaching School. This partnership aims to provide its members with the support, challenge and networks previously provided through the Local Authority. Groby takes a lead as a 'Training School', hosting events to train other colleges.

The Headteacher is also chair of the local behaviour partnership which means that additional restricted funds are delegated to the college to be spent on the needs of the most vulnerable students across the Hinckley and Bosworth area. The local behaviour partnership known as the Hinckley and Bosworth Education Partnership (HBEP) works across 13 local schools.

The college is also lead school for School Direct and leads a small partnership of local schools providing in-school teacher training alongside Leicester University. As a result the leadership of School Direct means that the college holds additional fund to manage the Initial Teacher Training provision.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

The principal objective of Groby Community College, as a charitable company, was to provide the best education it could for pupils of different abilities between the ages of 14 - 19 years.

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing of establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and to promote for the benefit of individuals living in Groby, Ratby and the surrounding areas, the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life and prospects of said individuals.

Mission Statement:

Achieving Excellence Together

- Relentless focus on outcomes for all young people.
- An outstanding school at the heart of the community.
- High challenge, high expectations and high support for all.
- An outstanding, creative learning environment, which engages and motivates all.
- Outward facing and working in partnership to achieve excellence for all 11-19.

● **Objectives, strategies and activities**

Our objectives are summarised as follows;

- Achieve Excellence Together 11-19
- Embed a strong sense of belonging across the campus
- Develop and embed an outstanding culture across the campus
- High expectations for all
- Be aspirational for all students and staff
- Outstanding outcomes for all students no gaps
- Value all each other and our learning environment
- Respect one another
- Respect and celebrate the individual
- Outstanding behaviour so that all are free to learn
- High challenge for all students think hard
- Celebrate our success

The strategies in place to achieve these objectives are detailed within the plans for the future section of the Trustees' Report from page 9.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

● **Public benefit**

The Academy's Trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission.

Groby Community College is a charitable trust which seeks to benefit the public through the pursuit of its stated aims.

The three underlying principles for the Charity are as follows;

- it must be clear what the benefits are
- the benefits must be related to the aims
- benefits must be balanced against detriment or harm

The aims and objectives of Groby Community College are outlined in the section above but in ensuring the school focuses upon these aims the following has been taken into account by the Governing Body;

- the beneficiaries must be appropriate to the aims
- where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted
- any private benefits must be incidental

These principles underline the work undertaken at Groby Community College and, through monitoring and evaluation of procedures and policies, the Governing Body ensure that the Academy has complied with their duties.

The Academy's intake includes Groby, Ratby and surrounding villages as its traditional catchment area; with more students coming from city areas, which are classed as out of catchment. First time admissions to the school remain the decision of Leicestershire Local Authority and therefore based upon their criteria.

The Ofsted rating as a 'Good School' remains in place and the continual improvements in academic progress ensure that our pupils benefit from the education we provide with an aim to provide outstanding education.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

• **Key academic performance indicators**

Quality of Teaching, Learning and Assessment

Quality of Teaching

Achieved 2015/16	Target 2016/17
90% Good or better	100% Good or better

Prior Attainment

Y10 KS2 APS (15-16)	29.74
Y11 KS2 APS (15-16)	28.03
Y12 KS4 APS (15-16)	5.9 (GCSE results only)
Y13 KS4 APS (15-16)	5.91 (GCSE results only)

Attainment and Progress

	Achieved 2015/16	Target 2016/17
Y 11 Progress 8	Expected to be positive and securely good	0.45
Y 11 Attainment 8	53.61	59.61
Year 11 % A*-C E+M	66%	83.6%
Year 11 % EBacc (based on entry)	56.6%	100%
Year 11 % EBacc on cohort	19.3%	12.5%
Y 13 A*-B	47 %	59.9%
Y 13 A*-E	97.1%	99%
Level 3 Value Added	A level -0.13 Applied General 0.77	
ALPS - VA	5	

Attendance

Key Stage 4	95.03 (5 terms)
Exclusions	2 Permanent 42 Fixed (29 students)

Roll

Y 10	255
Y 12	204

• **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future with in the new MAT structure from 1 April 2017. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

FINANCIAL REVIEW

• **Financial review**

The Academy had a positive movement in available funds for the period ended 31 March 2017 of £309,243. As at 31 March 2017 the Academy held £235,930 of unrestricted reserves plus £76,873 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves, of £312,803.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £1,609,000 at 31 March 2017 and a fixed asset reserve of £8,223,782 being the book value of past purchases £8,195,115 plus £28,667 being the academy's synthetic pitch repair fund.

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an academy trust of this size and type. There were no unusual significant events worthy of comment during the year other than the transfer of all operations assets and liabilities to the MAT on 1 April 2017.

The principal sources of funding for the academy are the General Annual Grant (GAG) and other ESFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the academy trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

• **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately 7.5% of the annual budget, being approximately £300,000.

Actual free reserves plus unspent GAG as at 31 March 2017 were £285,951, being approximately in line with the target set by the Trustees. The Academy also held other available restricted funds at the year end of the year of £26,852. Total available reserves, being both the above figures at 31 March 2017 were £312,803. Cash at bank at 31 March 2017 was £43,343 higher than total available reserves due to various timing differences between cash at bank and accruals accounting based reserves.

At 31 March 2017 the Academy's fixed asset reserve of £8,223,782 represented £8,195,115 of funds which could only be realised if the assets were sold, plus £28,667 being the academy's synthetic pitch repair.

The only reserve in deficit at the period end was the pension reserve (deficit of £1,609,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

● **Material investments policy**

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk. Available rates are reviewed from time to time and where returns are judged sufficient to more than offset the administrative cost of managing deposit funds, such accounts may be used.

The cash flow and bank account is monitored on a weekly basis to ensure that the immediate financial commitments of payroll and other payments can be met and that the Academy has adequate balances to meet planned future commitments.

The fund balance is reviewed on a six monthly basis to consider interest rates and possible investment opportunities. The Academy's current policy is only to invest funds in risk free deposit accounts with a maximum 6 months deposit term.

● **Principal risks and uncertainties**

The principal risks for the academy in the future are;

1. The reduction in pupil NOR - the Academy closely monitors applications for places in each year group and models the financial implications of any trends, trying to make any growth as sustainable as possible.
2. Changes to the funding formula. The Headteacher, College Bursar and Leadership and Management Committee monitor and aim to analyse the impact of any national and local changes and adjust the running of the Academy to mirror these trends where possible.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy (and its finances) and the systems that are in place to mitigate those risks. The Trustees have assessed the risks that the Academy faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and relation to the control of finance. A financial risk register is in place taking account of established good practice, to ensure any financial risks identified are fully and properly assessed and necessary mitigation is put in place. The Trustees monitor systems, including operational procedures (vetting of CRB checks and budget monitoring) and internal financial controls in order to minimise risk. The Academy has an effective system of internal financial controls, including reviewing the risk register on a termly basis; which have been approved by a recent audit from the LA internal audit team and is considered to be well above the standard expected.

The Academy's exposure to risk is largely dependent on future intake numbers falling following changes to age ranges in local schools. The reserves policy of the Academy aims to minimise any associated risks relating to this.

At 31 March 2017 the pension deficit on the Local Government Pension Scheme stood at £1,609,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

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

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

PLANS FOR FUTURE PERIODS

• **Future developments**

In 2016/17 the Senior Leadership Team and all departments across the campus are working to the same integrated improvement plan.

The priorities are as follows:

Leadership and management priorities

- **Priority 1: MAT** - Establish the Brookvale Groby Learning Trust growth plan
- **Priority 2: Vision and Identity** - Embed the new vision Valuing Everyone, Achieving Excellence and the motto 'work hard be kind' across the campus (FIP Priority)
- **Priority 3: Leadership** - Support and challenge the new SLT and ELT/MLT in their new roles so that they can be highly effective and have high impact
- **Priority 4: Systems** - Embed all systems associated with PM, QA across the new Curriculum Areas. Support new Curriculum Areas so that they are highly effective with little turbulence for students and staff (FIP Priority)

Quality of teaching and professional Learning

- **Priority 1:** An unrelenting focus on **Quality First Teaching** improves the learning process for all students and closes the attainment gap between groups of students. (FIP Priority)
- **Priority 2: Quality Assurance** systems used to ensure that all students experience Quality First Teaching. (FIP Priority)
- **Priority 3: The progress of disadvantaged students (DS)** is maximised through embedding effective formative assessment approaches. (FIP Priority)
- **Priority 4:** Developing a **Professional Learning** (CPD) culture where teachers take control of their learning and are continually involved in a process of reflection and progression. (FIP Priority)

Personal development, behaviour and welfare

- **Priority 1:** Develop a cross campus approach to managing attendance.
- **Priority 2:** Implementation of the new cross campus behaviour policy. (FIP Priority)
- **Priority 3:** Develop cross campus working with the reformed Pastoral Team.
- **Priority 4:** Induction of the new lead tutor, embedding the work of LWI and developing joint working with KS4.

Outcomes for all students

- **Priority 1:** Embed a cohesive **11-19 curriculum and assessment** structure. (FIP Priority)
- **Priority 2: Outstanding outcomes** for all students in all subjects. (FIP Priority)
- **Priority 3:** Continued focus on **closing the gap** between disadvantaged and non-disadvantaged students. (FIP Priority)
- **Priority 4:** Embed the **RCWM** initiatives across all curriculum areas (11-19). (FIP Priority)

Quality of post 16

- **Priority 1:** Embed the new **Post 16 leadership team** to ensure all learners make the best progress
- **Priority 2:** Establish consistent high quality **Post 16 teaching**. (FIP Priority)
- **Priority 3:** Ensure high **quality tutoring**, leading to quality outcomes for students
- **Priority 4:** Strong **progress** and mentoring structure in place to close the gap between all learners. (FIP Priority)
- **Priority 5:** **Enrichment** opportunities for all students to develop personal and employability skills

Funds held as custodian

The Academy does not hold funds on behalf of any other organisations.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2017

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The Academy has appointed Magma Audit LLP as their financial Auditors with the Audit section of the Local Authority carrying out a yearly check of the school financial systems.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 5 December 2017 and signed on the board's behalf by:



H Brown
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Groby Community College 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 Headteacher, 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 Groby Community College and the Secretary of State for Education. They are 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 period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
H Brown	3	3
V Galloway	2	3
B Leonard	0	3
C Cox	1	3
J Shaw	0	3
M Rule	0	3
B Mistry	1	3
K Rush	3	3
R Coles, Headteacher	3	3
A Hammond, Staff Trustee	1	3
G Atkinson	0	0
S Ghumra	0	0
M Gil	0	0
B Jones	0	0
A Lee-Bennett	0	0
M Richardson	0	0
H Stockhill	0	0

As a result of merging the two governing bodies the new MAT has been able to create a strengthened Board of Trustees with key directors in targeted positions.

In February 2016 the college received a letter from Nick Gibb, the Minister for Schools informing us that we were in the top 100 schools for sustained improvement in our 5 A*-C GCSEs with English and Maths. This was followed in April by an SSAT Outcomes award where the college was recognised for being in the top 20% of schools national for attainment at GCSE.

The college continues to be in a tight financial position due to its growth of Post 16 numbers and the lagged funding for these students coupled with a smaller Key Stage 4. Significant rises in staffing costs, Local Authority adjustments and the inefficiency of only having GCSE and A Level options makes running a 14-19 school increasingly challenging. The financial challenges are being eased by the partnership with Brookvale High School which is enabling us to share costs and maximise efficiency in teaching staff.

Governance reviews:

The skills review carried out during the year to 31 August 2016 revealed the following areas for development in 2016/17:

- Experience of chairing a Board/Governing Body or Committee
- Experience of procurement/purchasing

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GOVERNANCE STATEMENT (continued)

- Experience of premises and facilities management
- Links with the community

The new MAT Board of Trustees will conduct self evaluation reviews annually under MAT status.

The Leadership and Management was a sub-committee of the main Governing Body. Its purpose was to ensure that the Academy met the highest standards of financial control. During the period of accounts the committee met on 3 occasions.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
H Brown	3	3
C Cox	1	3
V Galloway	0	3
B Leonard	1	3
B Mistry	2	3
R Coles	3	3
L Shellard	0	3

Review of Value for Money

As Accounting Officer, the Headteacher 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:

- Working closely with the College Bursar to ensure that each cost centre does not overspend
- Reducing staffing so that it is in line with an efficient curriculum
- Working closely with partner high school to ensure that staffing efficiency is maximized
- Ensuring that all services are provided 'in-house' in order to save costs
- Benchmarking staffing expenditure against ASCL advice

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 Groby Community College for the period 1 September 2016 to 31 March 2017 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

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 period 1 September 2016 to 31 March 2017 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 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 Leadership and Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Local Authority audit section 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

On an annual basis, the internal 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.

The latest internal audit visit was in June 2016. No issues were identified as a result of the internal auditor's review work.

Review of Effectiveness

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

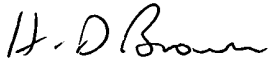
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 5 December 2017 and signed on their behalf, by:



H Brown
Chair of Trustees



R Coles
Accounting Officer


GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Groby Community College I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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.



R Coles
Accounting Officer

Date: 5 December 2017

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 MARCH 2017

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 5 December 2017 and signed on its behalf by:



H Brown
Chair of Trustees

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GROBY COMMUNITY COLLEGE

Opinion

We have audited the financial statements of Groby Community College for the period ended 31 March 2017 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' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 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.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GROBY COMMUNITY COLLEGE

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

We have nothing to report in this regard.

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 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.

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.

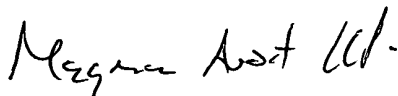
GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GROBY
COMMUNITY COLLEGE**

Auditor's responsibilities for the audit of the financial statements

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

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



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

Date: 06/12/17

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GROBY
COMMUNITY COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Groby Community College during the period 1 September 2016 to 31 March 2017 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 Groby Community College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Groby Community College 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 Groby Community College and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Groby Community College's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Groby Community College's funding agreement with the Secretary of State for Education dated 1 September 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 March 2017 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 2016 to 2017 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 to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the Academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GROBY
COMMUNITY COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 March 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The Academy switched lease providers in relation to photocopiers, a phone system and CCTV in the year to 31 August 2014 and in doing so the new lease company gave the Academy £60,000 of income to enable it to pay the early settlement charges to cancel the old leases early. This £60,000 was included in the new lease which the Academy is paying off over a 5 year period ending September 2019. The amount paid for the new assets leased had been inflated by £60,000, therefore the Academy is technically in breach of the requirement not to borrow without the Secretary of State's approval. Repayments of £12,000 have been made each year and therefore the closing liability of this loan is £29,000 at 31 March 2017. The Academy believes it has achieved best value by entering into this lease contract.

The Education and Skills Funding Agency has been in communication with the Academy and has agreed to allow the lease to run its full term to avoid additional costs associated with early termination of the lease arrangements.

Magma Audit LLP

Magma Audit LLP
340 Melton Road
Leicester
LE4 7SL

Date: *06/12/17*

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	-	1,400	1,400	21,668
Charitable activities	3	3,836	2,953,093	-	2,956,929	4,788,908
Other trading activities	4	69,357	-	-	69,357	135,365
Investments	5	1,564	-	-	1,564	1,393
TOTAL INCOME		74,757	2,953,093	1,400	3,029,250	4,947,334
EXPENDITURE ON:						
Raising funds		43,412	-	-	43,412	108,816
Charitable activities		5,135	3,131,883	220,577	3,357,595	5,432,266
TOTAL EXPENDITURE	6	48,547	3,131,883	220,577	3,401,007	5,541,082
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		26,210	(178,790)	(219,177)	(371,757)	(593,748)
Transfers between funds	18	-	(60,154)	60,154	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		26,210	(238,944)	(159,023)	(371,757)	(593,748)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	681,000	-	681,000	(427,000)
NET MOVEMENT IN FUNDS		26,210	442,056	(159,023)	309,243	(1,020,748)
RECONCILIATION OF FUNDS:						
Total funds brought forward		209,720	(1,974,183)	8,382,805	6,618,342	7,639,090
TOTAL FUNDS CARRIED FORWARD		235,930	(1,532,127)	8,223,782	6,927,585	6,618,342

The notes on pages 27 to 49 form part of these financial statements.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)
REGISTERED NUMBER: 08133601

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	31 March 2017 £	31 August 2016 £
FIXED ASSETS				
Tangible assets	12		8,195,115	8,358,805
CURRENT ASSETS				
Stocks	13	4,975		6,131
Debtors	14	228,444		175,124
Investments	15	-		100,000
Cash at bank and in hand		356,146		478,070
		<u>589,565</u>		<u>759,325</u>
CREDITORS: amounts falling due within one year	16	(231,095)		(278,788)
NET CURRENT ASSETS			<u>358,470</u>	<u>480,537</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,553,585</u>	<u>8,839,342</u>
CREDITORS: amounts falling due after more than one year	17		(17,000)	(24,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>8,536,585</u>	<u>8,815,342</u>
Defined benefit pension scheme liability	22		(1,609,000)	(2,197,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>6,927,585</u>	<u>6,618,342</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted income fund	18	76,873		222,817
Fixed asset fund	18	8,223,782		8,382,805
Restricted funds excluding pension liability		<u>8,300,655</u>		<u>8,605,622</u>
Pension reserve		<u>(1,609,000)</u>		<u>(2,197,000)</u>
Total restricted funds			<u>6,691,655</u>	<u>6,408,622</u>
Unrestricted income funds	18		<u>235,930</u>	<u>209,720</u>
TOTAL FUNDS			<u>6,927,585</u>	<u>6,618,342</u>

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2017

The financial statements on pages 23 to 49 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:



H Brown
Chair of Trustees

The notes on pages 27 to 49 form part of these financial statements.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	Note	Period ended 31 March 2017 £	Year ended 31 August 2016 £
Cash flows from operating activities			
Net cash used in operating activities	20	<u>(159,601)</u>	<u>(151,838)</u>
Cash flows from investing activities:			
Interest received		1,564	1,393
Purchase of tangible fixed assets		(56,887)	(104,926)
Capital grants from DfE/ESFA		-	20,268
Net cash used in investing activities		<u>(55,323)</u>	<u>(83,265)</u>
Cash flows from financing activities:			
Repayments of borrowings		(7,000)	(12,000)
Net cash used in financing activities		<u>(7,000)</u>	<u>(12,000)</u>
Change in cash and cash equivalents in the period		(221,924)	(247,103)
Cash and cash equivalents at 1 September 2016		<u>578,070</u>	<u>825,173</u>
Cash and cash equivalents at 31 March 2017		<u>356,146</u>	<u>578,070</u>

The notes on pages 27 to 49 form part of these financial statements.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Groby Community College constitutes a public benefit entity as defined by FRS 102.

1.2 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

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.

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at using the ESFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

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

All expenditure is inclusive of irrecoverable VAT.

1.5 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

As above, the financial statements have been prepared on a going concern basis. The assets and liabilities of the company were transferred at book value to Brookvale Groby Learning Trust on 1 April 2017. The absence of any need to restate assets and liabilities values in line with the transfer agreement the going concern basis is still appropriate. On transfer at 1 April 2017 has the effect that the going concern basis of preparation of the accounts is still appropriate.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 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.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

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:

Leasehold buildings	-	3% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	15% Straight line
Computer equipment	-	25% 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.

1.7 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.

1.8 STOCKS

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.9 CURRENT ASSET INVESTMENTS

Current asset investments are cash or cash equivalents with a maturity date of less than one year valued at fair value.

1.10 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.

1.11 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 recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (continued)

1.12 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 14. Prepayments are not financial instruments. 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 notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 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.

1.14 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

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.

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2017. 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.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital grants	-	-	1,400	1,400	21,668
<i>Total 2016</i>	-	-	21,668	21,668	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,351,804	2,351,804	3,943,656
Other DfE/ESFA grants	1,060	107,924	108,984	195,610
	<u>1,060</u>	<u>2,459,728</u>	<u>2,460,788</u>	<u>4,139,266</u>
Other government grants				
Local Authority grants	-	394,157	394,157	532,508
	<u>-</u>	<u>394,157</u>	<u>394,157</u>	<u>532,508</u>
Other funding				
Grants from other sources	2,776	10,624	13,400	19,226
Catering income	-	88,584	88,584	97,908
	<u>2,776</u>	<u>99,208</u>	<u>101,984</u>	<u>117,134</u>
	<u>3,836</u>	<u>2,953,093</u>	<u>2,956,929</u>	<u>4,788,908</u>
<i>Total 2016</i>	<u>26,882</u>	<u>4,762,026</u>	<u>4,788,908</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	58,893	-	58,893	105,927
Consultancy income	4,867	-	4,867	21,435
Fundraising income	5,597	-	5,597	8,003
	<u>69,357</u>	<u>-</u>	<u>69,357</u>	<u>135,365</u>
<i>Total 2016</i>	<u>135,365</u>	<u>-</u>	<u>135,365</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,564	-	1,564	1,393
<i>Total 2016</i>	1,393	-	1,393	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	23,624	9,917	9,871	43,412	108,816
Educational Operations:					
Direct costs	1,965,426	163,101	581,658	2,710,185	4,401,831
Support costs	316,661	195,621	135,128	647,410	1,030,435
	2,305,711	368,639	726,657	3,401,007	5,541,082
<i>Total 2016</i>	3,853,591	647,611	1,039,880	5,541,082	

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**NOTES TO THE FINANCIAL STATEMENTS
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7. CHARITABLE ACTIVITIES

	Total funds 2017 £	Total funds 2016 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	1,453,268	2,551,890
Teaching and educational support staff costs - NI	140,044	218,755
Teaching and educational support staff costs - pensions	302,427	443,130
LGPS pension interest cost (£47,000) less return on assets (£20,000)	27,000	64,000
Educational supplies	78,440	97,290
Examination fees	126,683	140,152
Staff development	9,029	10,707
Hinckley & Bosworth Educational Partnership	293,990	432,864
Other direct costs	115,999	135,408
Depreciation	163,101	294,049
Technology costs	204	13,586
	<u>2,710,185</u>	<u>4,401,831</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	257,260	405,497
Support staff costs - NI	14,570	20,011
Support staff costs - pensions	44,831	65,006
Recruitment	2,825	16,473
Maintenance of premises and equipment	52,613	69,504
Cleaning	3,610	7,674
Rates	14,169	28,841
Insurance	13,958	50,800
Depreciation	57,476	98,017
Catering	50,479	54,583
Other support costs	18,603	56,766
Security and transport	53,337	48,642
Technology costs	1,787	15,207
Energy costs	53,795	81,326
Governance	8,097	12,088
	<u>647,410</u>	<u>1,030,435</u>
	<u><u>3,357,595</u></u>	<u><u>5,432,266</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	220,577	392,066
Auditors' remuneration - audit	6,000	7,500
Auditors' remuneration - other services	925	2,346
Operating lease rentals	17,708	31,319

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
Wages and salaries	1,729,690	3,021,208
Social security costs	156,085	241,862
Operating costs of defined benefit pension schemes	350,250	516,234
	<u>2,236,025</u>	<u>3,779,304</u>
Supply teacher costs	69,686	69,125
Staff restructuring costs	-	5,162
	<u><u>2,305,711</u></u>	<u><u>3,853,591</u></u>
Staff restructuring costs comprise:		
Redundancy payments	<u>-</u>	<u>5,162</u>

The average number of persons employed by the Academy during the period was as follows:

	Period ended 31 March 2017 No.	Year ended 31 August 2016 No.
Teachers	35	59
Administration and support	40	75
Management	1	4
	<u>76</u>	<u>138</u>

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

	Period ended 31 March 2017 No.	Year ended 31 August 2016 No.
In the band £80,001 - £90,000	0	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for this staff member amounted to £13,295.

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 £159,912 (7 month period) (2016 - £348,752). (These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.)

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NOTES TO THE FINANCIAL STATEMENTS
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10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration 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 was as follows:

R Coles (Headteacher and Trustee)

Remuneration £45,000 - £50,000 (7 month period) (2016: £80,000 - £85,000)

Employer's pension contributions £5,000 - £10,000 (7 month period) (2016: £10,000 - £15,000)

A Hammond (Staff Trustee)

Remuneration £20,000 - £25,000 (7 month period) (2016: £35,000 - £40,000)

Employer's pension contributions £0 - £5,000 (7 month period) (2016: £5,000 - £10,000)

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

During the period ended 31 March 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

Up to 31 August 2016 in accordance with normal commercial practice the Academy had purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £3,000,000 on any one claim and the cost for the period ended 31 August 2016 was £1,311. From 1 September 2016 the academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent act, errors or omissions occurring whilst on academy premises, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

12. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2016	8,855,763	638,363	291,722	9,785,848
Additions	-	40,831	16,056	56,887
At 31 March 2017	8,855,763	679,194	307,778	9,842,735
DEPRECIATION				
At 1 September 2016	926,185	283,772	217,086	1,427,043
Charge for the period	138,408	57,476	24,693	220,577
At 31 March 2017	1,064,593	341,248	241,779	1,647,620
NET BOOK VALUE				
At 31 March 2017	7,791,170	337,946	65,999	8,195,115
At 30 September 2016	7,929,578	354,591	74,636	8,358,805

See note 1.3 regarding assets transferred on conversion.

13. STOCKS

	31 March 2017 £	31 August 2016 £
Classroom and other materials	4,975	6,131

14. DEBTORS

	31 March 2017 £	31 August 2016 £
DUE WITHIN ONE YEAR		
Trade debtors	103,505	41,906
VAT recoverable	12,002	32,703
Prepayments and accrued income	112,937	100,515
	228,444	175,124

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**NOTES TO THE FINANCIAL STATEMENTS
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15. CURRENT ASSET INVESTMENTS

	31 March 2017 £	31 August 2016 £
Current asset investments - Lloyds Bank	-	100,000

Current asset investments consisted of a fixed interest rate deposit with Lloyds Bank, being an investment of £100,000 @ 1.15% which matured on 7 March 2017.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2017 £	31 August 2016 £
Other loans - see below	12,000	12,000
Trade creditors	-	67,947
Other taxation and social security	70,973	69,757
Other creditors	60,408	61,395
Accruals and deferred income	87,714	67,689
	231,095	278,788

'Other loans' above of £12,000 (and included below of £17,000) relates to cash loaned to the Academy in the 2013/14 academic year under the terms of the new lease for photocopiers, a telephone system and CCTV by the new leasing company to clear the remaining balances and termination costs on the leases on the old equipment (see also regularity report qualification). The Education and Skills Funding Agency has been in communication with the Academy and has agreed to allow the lease to run its full term to avoid additional costs associated with early termination of the lease arrangements.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2017 £	31 August 2016 £
Other loans - see note above	17,000	24,000

Included within the above are amounts falling due as follows:

	31 March 2017 £	31 August 2016 £
BETWEEN ONE AND TWO YEARS		
Other loans	12,000	12,000
BETWEEN TWO AND FIVE YEARS		
Other loans	5,000	12,000

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2017 £
UNRESTRICTED FUNDS						
General Funds	209,720	74,757	(48,547)	-	-	235,930
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	144,384	2,351,804	(2,386,013)	(60,154)	-	50,021
Pupil Premium	-	36,313	(36,313)	-	-	-
Other DfE/ESFA grants	3,451	71,611	(64,081)	-	-	10,981
Other government grants	71,664	394,157	(455,551)	-	-	10,270
Other grant funding	3,318	99,208	(96,925)	-	-	5,601
Pension reserve	(2,197,000)	-	(93,000)	-	681,000	(1,609,000)
	<u>(1,974,183)</u>	<u>2,953,093</u>	<u>(3,131,883)</u>	<u>(60,154)</u>	<u>681,000</u>	<u>(1,532,127)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA capital grants	46,078	-	(7,055)	-	-	39,023
Transfer from Local Authority	7,979,073	-	(162,811)	-	-	7,816,262
Private sector capital sponsorship	70,425	-	(1,698)	-	-	68,727
Synthetic pitch repair fund	24,000	1,400	-	3,267	-	28,667
Capital expenditure from GAG	263,229	-	(49,013)	56,887	-	271,103
	<u>8,382,805</u>	<u>1,400</u>	<u>(220,577)</u>	<u>60,154</u>	<u>-</u>	<u>8,223,782</u>
Total restricted funds	<u>6,408,622</u>	<u>2,954,493</u>	<u>(3,352,460)</u>	<u>-</u>	<u>681,000</u>	<u>6,691,655</u>
Total of funds	<u>6,618,342</u>	<u>3,029,250</u>	<u>(3,401,007)</u>	<u>-</u>	<u>681,000</u>	<u>6,927,585</u>

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

Restricted general funds

The General Annual Grant (GAG) relates to the school's development and operational activities. There has been a transfer from GAG of £60,154 which relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The DfE/ESFA restricted funds grants consists of Special Educational Needs Additional Allowance (SENA) and Looked After Children's Grant. The above carried forward balance relates to Looked After Children's grant of £10,981. All other grants were fully spent in the year.

Other government grants consists of Hinckley & Bosworth Educational Partnership (HBEP) income. The

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18. STATEMENT OF FUNDS (continued)

above carried forward balance relates to unspent HBEP funds at the year end.

Other grant funding consists of Duke of Edinburgh income, Thomas Estley Learning Alliance, Arts Award income, Music Education funding, Whitby Theatre Trip income and catering income (associated with the statutory obligation within the Academy's funding agreement). The closing balance relates to unspent Duke of Edinburgh income of £4,026, unspent Arts Award funding of £36 and unspent Music Education funding of £1,539.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE/ESFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £9,157,788 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

Private sector capital sponsorship consists of The David Wilson Foundation Grant. The closing balance relates to the net book value of the assets concerned.

The synthetic pitch repair fund represents funds set aside for the future repairs works. The balance carried forward relates to unspent funds.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

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 March 2017.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	8,195,115	8,195,115
Current assets	235,930	324,968	28,667	589,565
Current liabilities	-	(231,095)	-	(231,095)
Liabilities due in more than one year	-	(17,000)	-	(17,000)
Pension scheme liability	-	(1,609,000)	-	(1,609,000)
	<u>235,930</u>	<u>(1,532,127)</u>	<u>8,223,782</u>	<u>6,927,585</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

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
Net expenditure for the year (as per statement of financial activities)	(371,757)	(593,748)
Adjustment for:		
Depreciation charges	220,577	392,066
Interest receivable	(1,564)	(1,393)
Decrease/(increase) in stocks	1,156	(2,280)
Increase in debtors	(53,320)	(75,370)
(Decrease)/increase in creditors	(47,693)	52,155
Capital grants from DfE and other capital income	-	(20,268)
Defined benefit pension scheme cost less contributions payable	66,000	33,000
Defined benefit pension scheme finance cost	27,000	64,000
Net cash used in operating activities	<u>(159,601)</u>	<u>(151,838)</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
Cash in hand	356,146	578,070
Total	<u>356,146</u>	<u>578,070</u>

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22. 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 Leicestershire 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 £60,408 were payable to the schemes at 31 March 2017 (2016 - £61,395) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £196,585 (2016 - £349,073).

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).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 March 2017 was £113,000 (2016 - £172,000), of which employer's contributions totalled £89,000 (2016 - £134,000) and employees' contributions totalled £24,000 (2016 - £38,000). The agreed contribution rates for future years are 22.4 - 23.4% for employers and 5.5 - 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.70 %	2.10 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
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:

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	24.2
Females	26.2	26.6

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

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

	Fair value at 31 March 2017 £	Fair value at 31 August 2016 £
Equities	938,000	1,126,000
Bonds	384,000	281,000
Property	123,000	141,000
Cash	92,000	16,000
	<hr/>	<hr/>
Total market value of assets	1,537,000	1,564,000
	<hr/>	<hr/>

The actual return on scheme assets was £20,000 (2016 - £47,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased).
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 September 2016 for the period to 31 March 2017, or date of joining the fund if later).

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22. PENSION COMMITMENTS (continued)

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

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
Current service cost	(155,000)	(167,000)
Interest income	20,000	47,000
Interest cost	(47,000)	(111,000)
Total	(182,000)	(231,000)

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

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
At 1 September	3,761,000	2,831,000
Current service cost	155,000	167,000
Interest cost	47,000	111,000
Employee contributions	24,000	38,000
Actuarial (gains)/losses	(829,000)	643,000
Benefits paid	(12,000)	(29,000)
Closing defined benefit obligation	3,146,000	3,761,000

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

	Period ended 31 March 2017 £	Year ended 31 August 2016 £
At 1 September	1,564,000	1,158,000
Return on plan assets (excluding net interest on the net defined pension liability)	20,000	47,000
Actuarial gains/(losses)	(148,000)	216,000
Employer contributions	89,000	134,000
Employee contributions	24,000	38,000
Benefits paid	(12,000)	(29,000)
Closing fair value of scheme assets	1,537,000	1,564,000

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Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 March 2017:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	13%	420,000
0.5% increase in the Salary Increase Rate	3%	101,000
0.5% increase in the Pension Increase Rate	10%	311,000

23. OPERATING LEASE COMMITMENTS

At 31 March 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	31 March 2017 £	31 August 2016 £
AMOUNTS PAYABLE:		
Within 1 year	28,988	29,778
Between 1 and 5 years	38,651	55,560
Total	<u>67,639</u>	<u>85,338</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

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

Note that the Academy received net income of £71,198 (year to 31 August 2016: £135,207) resulting from net recharges at cost to Brookvale High School for various staff and other costs by virtue of the close collaboration between the two schools. These arrangements were in the nature of cost sharing without any profit element. On 1 April 2017 the two Academies merged into a single Multi-Academy Trust.

No other related party transactions took place in either the current or prior period.

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26. POST BALANCE SHEET EVENTS

On 1 April 2017 all assets, liabilities and operations were transferred to Brookvale Groby Learning Trust, a Multi-Academy Trust.