



Achieving Excellence Together

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

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GROBY COMMUNITY COLLEGE
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees	G Goodall, Chair of Trustees up to 2 September 2014 ¹ H Brown, Chair of Trustees from 2 September 2014 (appointed 3 September 2013) B Leonard (appointed 11 March 2014) ¹ C Cox ¹ J Shaw R Nathwani (resigned 2 September 2014) M Rule V Galloway ¹ L Mallon (resigned 23 September 2013) ¹ B Mistry ¹ K Rush T Kinsley C Hannaford (appointed 26 November 2013) T Moyes (appointed 26 November 2013) J O'Connor (appointed 26 November 2013) R Coles, Principal ¹ A Hammond, Staff Trustee (appointed 24 September 2013) L Shellard, Staff Trustee ¹ P Hollingshead
Members	The Vision 4-19 Trust R Coles J Thompson (resigned 18 January 2013) P Hollingshead H Brown (appointed 3 September 2013) ¹ Finance & Premises Committee
Company registered number	08133601
Principal operating office	Ratby Road Groby Leicester Leicestershire LE6 0GE
Principal	R Coles
Independent auditors	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL

GROBY COMMUNITY COLLEGE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Groby Community College (the Academy) for the ended 31 August 2014. The Trustees confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

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.

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.

● **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 us to adjust membership to reflect the needs of the school as it evolves. All Trustees, other than the Principal, 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.

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

The training and induction for new Trustees will depend on their existing experience and will be tailored specifically to the needs of the individual. Groby Community College has a contract with the LA Trustees Development service, which provides Trustees with induction training and other specified courses as required. Copies of minutes, accounts, budgets, plans and other documents needed to undertake their role are available in hard copy on request.

Where a training need is identified the appropriate training is procured which may be on site, on line or by attendance at an external event. The Governing Body hold 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 are submitted to the full Governing Body.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

- **Organisational structure**

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

The work involved in reviewing and ratifying policies is delegated to the members of the strategic, finance & premises, teaching, learning & assessment, student wellbeing, pay and principal's pay sub committees. These meet at least once per term and work as directed by a chair appointed at the first full Trustees meeting at the start of the academic year. Terms of reference of these committees are reviewed and ratified annually at this meeting. The clerk to the Trustees is responsible for arranging meetings, supporting the work of the Trustees, the preparation of agendas and the review of matters arising. The Assistant Principal - Business Manager is responsible for the preparation of accounts and the agenda and minutes of the Finance Committee & Premises. Other committees have a member of SLT nominated to convene.

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

The Principal is responsible for the day to day running of the school including teaching and learning, pastoral and administrative functions and is supported by the senior leadership team. Day to day administration is 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 Principal oversees the recruitment of all educational staff. He is a staff Trustee, Principal Accounting Officer and attends all Governing Body and sub committee meetings. The Assistant Principal - Business Manager attends all Finance & Premises meetings and other meetings as required.

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

The Principal and Assistant Principal - Business Manager are members of several professional organisations and regularly attend a range of local and county wide meetings to enable them to keep up to date with current educational policies/practice and thinking.

The college is part of the Thomas Estley Teaching Alliance which is a group of schools who work together to share knowledge, experience and expertise between its members. 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. Two members of staff including the Business Manager have been appointed as Specialist Leaders of Education to support other schools and colleges to progress in their fields of excellence.

The Academy is an independent company in all aspects. The Vision 4 - 19 Trust is an 'umbrella' trust within which members of Ratby Primary School, Groby Community College, Brookvale High School and Lady Jane Grey Primary School each contribute and account for one fourth of the trust. The Vision 4 - 19 Trust holds no financial position.

- **Risk management**

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 cashflow 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.

GROBY COMMUNITY COLLEGE
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

● **Trustees' indemnities**

The Companies Act 2006 S236 requires disclosure concerning qualifying third party indemnity provisions. In accordance, the college purchases insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under this policy is £3 million with a premium of £1,310 being paid.

● **Principal activities**

The Academy's principal activity is to educate the students within its care to the best of its ability with the funds provided. It aims to give a broad, balanced and inclusive curriculum that follows statutory guidance from the DfE. It aims to provide the above whilst taking into account the safeguarding and wellbeing of the students within its care.

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

The principal objective of Groby Community College as a charitable company is to provide the best education it can 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 the 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 – 'the journey to outstanding'

- 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;

- Working together across the campus for excellence 11-19
- Create a strong sense of belonging to the college
- Be ambitious to be the best
- Be outstanding and consistent in all that we do
- Be aspirational for the achievement of all partners
- Celebrate the success of all that we do and who we are
- Strive for excellence in teaching, learning and outcomes
- Have high expectations for all
- Value all – each other and our learning environment
- Respect one another
- Behave well so that we are all free to learn
- Students are challenged to work and think hard

GROBY COMMUNITY COLLEGE
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Our leadership goals are:

- Strong values and high expectations consistently applied
- Outstanding and well-distributed leadership
- Constantly looking for ways to improve
- Eliminate variation across the college in terms of teaching and subject performance
- Put students first, invest in the staff and nurture our communities
- Consistently excel in everything we do
- Provide outstanding teaching, rich opportunities for learning, and encouragement and support for each student
- Have complete regard for the educational progress, personal development and well-being of every student
- Disadvantage because of background will not be a barrier to achievement

The strategies in place to achieve these objectives are detailed within the plans for the future section of the Trustees report on pages 7 and 8.

● **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.

'Public benefit' is the legal requirement that every organisation up for one or more charitable aims must be able to demonstrate that its aims are for the public benefit if it is so to be recognised and registered as a charity in England and Wales.

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 YEAR ENDED 31 AUGUST 2014

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- **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. 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.

- **Key academic performance indicators**

Student Group	5A*-C with E/M	Capped Point Score
All	63%	328
Boys	60%	312
Girls	66%	342
Girls Low KS2	12%	246
Girls Mid KS2	54%	325
Girls High KS2	92%	383
Boys Low KS2	0%	397
Boys Mid KS2	45%	284
Boys High KS2	92%	381
School Action	19%	243
School Action +	11%	160
Statement	14%	253
Non FSM	66%	331
FSM	33%	286
LAC	0%	201
Pupil Premium	40%	277

2013 A Level Outcomes

Headline figures	2014	2013	2012	2011
% A*/A	25%	36 (26.3%)	22 (26.6%)	27%
% A*/B	45%	64 (52.8%)	46 (52.4%)	47%
% A*/C	72%	83 (77%)	77 (76.4%)	74%
Av. point score per student	738	841	795	820
Av. point score per entry	197	213	203	199
% achieving 2 or more A levels (or equivalent)	92%	100%	99%	97%
% achieving 3 or more A levels (or equivalent)	73%	98%	87%	91%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

FINANCIAL REVIEW

● **Financial review**

The Academy's total incoming resources for the year amounted to £5,001,442 (2013: £13,003,288 of which £8,421,332 related to net assets transferred on conversion.) The main source of funding in the year was General Annual Grant (GAG) of £4,211,718 (2013: £4,215,065). Other sources of funding include Pupil Premium of £88,218 (2013: £68,673), Special Educational Needs Addition Allowance (SENA) of £65,302 (2013: £43,960) and Hinckley and Bosworth Educational Partnership (HBEP) of £475,322 (2013: £nil).

The Academy held unrestricted reserves of £165,740 (2013: £208,846) at 31 August 2014 and £190,664 of available restricted funds (2013: £29,786) mainly relating to £185,318 of Hinckley and Bosworth Educational Partnership (HBEP) unspent reserves. Total unrestricted funds plus non fixed asset restricted funds above amounted to £356,404, being £76,013 lower than cash reserves due to various accruals accounting adjustments. The total amount of free reserves i.e. those funds available for general revenue or capital expenditure at the year end was £145,740 (total unrestricted funds of £165,740 less a designated reserve of £20,000, set aside for future development costs).

● **Financial and risk management objectives and policies**

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 August 2014 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.

● **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 Principal, Assistant Principal - Business Manager and Finance & Premises 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

● **Reserves policy**

The amount of free reserves required are reviewed and determined annually as part of the budget setting process in line with the school development plan and the reserves policy incorporated into the school's Financial Policy. The Academy has a free reserves target of £250,000 to cover shortfalls due to possible reduction in numbers and the associated staffing issues equating to approximately 5% of annual incoming resources to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The separate letting's programme designated reserve of £20,000 will be used to help sustain building improvements.

The Trustees review the reserve levels of the Academy in Finance & Premises Committee meetings which take place four times per year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The total amount of free reserves plus unspent GAG available for general capital and revenue educational expenditure at the year end was £145,740 (being total unrestricted funds of £165,740 less a designated reserve of £20,000, set aside for future development costs plus £nil of unspent GAG). Actual free reserves are lower than the target set of £250,000 above. The Academy is expecting a deficit of £33,000 plus capital expenditure of £41,000 in the current year to 31 August 2015 as per the EFA 2014/15 budget so expected free reserves at 31 August 2015 are expected to be in the region of £70,000. The Academy intends to address this shortfall of expected reserves levels compared to target by reviewing all capital and revenue expenditure cost centres and reducing where possible leading to a subsequent re-submission of the budget, together with a further review of the staffing structure.

● **Material investments policy**

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.

PLANS FOR FUTURE PERIODS

● **Future developments**

Leadership

- To have an outstanding curriculum delivered in partnership across the campus to facilitate outstanding outcomes for all including the most disadvantaged.
- Develop talent in our research-engaged college with strong leadership at all levels.
- Using dynamic quality assurance to ensure rigorous performance management to nurture and develop staff at all levels of the college.
- Using effective resource management to ensure a learning environment which is fit for purpose.
- Working in partnership to develop outstanding governance across the campus.
- Working in partnership to develop an effective parental engagement programme.
- Leading the system – partnerships beyond the campus.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Achievement

- Eliminate variations in outcomes for ALL students in all subjects
- Closing the gaps for learners by setting challenging targets to promote high levels of progress for ALL students
- Working in partnership across campus to ensure continuity of curriculum and assessment to achieve the highest student outcomes for ALL

The Quality of Teaching

- An unrelenting focus of improving the Quality of Teaching for our most disadvantaged students to ensure that much of teaching across both key stages is outstanding.
- Progress of disadvantaged students is maximised through effective and systematic use of AfL techniques
- The teaching of RWCM is highly effective and cohesively planned and implemented across the curriculum.
- Action Research is used to inform practice and develop inspirational teaching strategies which motivate ALL students.

Behaviour and Safety

- High expectations and consistency for all in order to close the gaps for the most disadvantaged.
- Developing talent amongst staff and students.
- Making effective use of partnerships to improve outcomes and close the gaps for the most disadvantaged
- Quality Assurance to be used to check standards to ensure that there is no visible evidence of the gap between the advantaged and disadvantaged.

Post 16

- Effective tutoring and support programme which helps to close the gaps for all learners.
- Developing the talent of Post 16 students by developing their leadership skills.
- Eliminate the variation in outcomes for all students by the sharing of best practice in Post 16 teaching and learning
- Working in partnership to provide the best possible experience for current and prospective students

Funds held as custodian trustee on behalf of others

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

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Auditors

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

This report, incorporating the Strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2014 and signed on the board's behalf by:

H Brown
Chair of Trustees

GROBY COMMUNITY COLLEGE
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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 Principal, 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 Trustees' responsibilities statement. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
G Goodall, Chair of Trustees up to 2 September 2014	4	4
H Brown, Chair of Trustees from 2 September 2014	4	4
B Leonard	2	2
C Cox	4	4
J Shaw	3	4
R Nathwani	4	4
M Rule	4	4
V Galloway	4	4
L Mallon	1	1
B Mistry	4	4
K Rush	4	4
T Kinsley	3	4
C Hannaford	3	3
T Moyes	3	3
J O'Connor	3	3
R Coles, Principal	4	4
A Hammond, Staff Trustee	3	3
L Shellard, Staff Trustee	4	4
P Hollingshead	4	4

The Governing Body at Groby Community College has undergone a number of changes in the period covered by this report and the months preceding it. We have seen the resignation of two Trustees due to changes in personal circumstance, both have been replaced. A further resignation was received following the end of this accounting period which will require the appointment of a further Trustee. We have received how our Governing Body operates, and have refined our sub-committee structure for the new academic and financial year to collaborate with Brookvale. These changes, which will build on previous strengths and address areas for development, will be critical to our continuing success.

A key achievement, delivered with the leadership of our Principal and Assistant Principal – Wellbeing, has been the successful attainment of the Equality Award. This is in recognition of the operation of the college in achieving equality for students and staff and will hopefully be successful in attracting parents, pupils and staff to enable our school to maintain numbers in what is becoming a turbulent and restricted financial climate following reductions to funding and predicted decreasing intake from feeder high schools.

Trustees continue to agree for the Principal and Business Manager to retract staffing on a three year plan basis, where required to respond to these reductions in order to maintain staffing at appropriate levels but still maintain an outstanding educational establishment. This will be done through natural wastage where possible.

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GOVERNANCE STATEMENT (continued)

Governance reviews:

The academy conducts a self-evaluation review of governance annually.

The Finance & Premises Committee is a sub committee of the main Governing Body. Its purpose is to ensure that the Academy meets the highest standards of financial control. During the period of accounts the committee has met on 4 occasions.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Goodall, Chair of Trustees up to 2 September 2014	2	4
C Cox	4	4
V Galloway	4	4
B Leonard	2	2
B Mistry	4	4
H Brown	1	1
R Coles, Principal	4	4
L Shellard, Staff Trustee	4	4
P Hollingshead	4	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance & Premises 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 appointed the 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. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. (The internal auditor made minor recommendations regarding our systems that have now been actioned or are in the process of being actioned.)

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Finance & Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2014 and signed on its behalf, by:

H Brown
Chair of Trustees

R Coles
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Groby Community College I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the Academy Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2013).

I confirm that the following instance of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA:

- The Academy switched lease providers in the year, in doing so the new lease company arranged £60,000 of income in the form of a cash advance before the year end of £10,000 plus a further advance made after the year end of £50,000. The £50,000 is included as both a debtor due as a result of the lease contract entered into prior to the year end and is included in the 'other loans' due within one year and after more than one year to reflect the borrowing arrangement. The money was remitted to enable the Academy to pay the early settlement charges to cancel the old leases early. This £60,000 has been included in the new lease which the Academy is paying off over a 5 year period ending September 2019. The Academy is therefore technically in breach of the requirement not to borrow without Secretary of State's approval. No repayments have been made before the year end and therefore the closing liability is £60,000. The Academy has achieved best value for the contracts as cost savings have been achieved compared to previous years.

R Coles
Accounting Officer

Date: 9 December 2014

GROBY COMMUNITY COLLEGE
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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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 (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2014 and signed on its behalf by:

H Brown
Chair of Trustees

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF GROBY COMMUNITY COLLEGE

We have audited the financial statements of Groby Community College for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF GROBY COMMUNITY COLLEGE

Matters on which we are required to report by exception

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL
9 December 2014

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 12 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Groby Community College during the year 1 September 2013 to 31 August 2014 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Groby Community College and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Groby Community College and EFA, 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 and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy'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 ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO GROBY
COMMUNITY COLLEGE AND THE EDUCATION 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 year 1 September 2013 to 31 August 2014 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 and in doing so the new lease company gave the Academy £60,000 of income to enable them to pay the early settlement charges to cancel the old leases early. This £60,000 has been 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 has been inflated by £60,000. £10,000 of this loan was received prior to the year end and £50,000 after the year end: Therefore the Academy is technically in breach of the requirement not to borrow without the Secretary of State's approval. No repayments have been made before the year end and therefore the closing balance on this loan is £60,000 at 31 August 2014. The Academy believes it has achieved best value by entering into this lease contract.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

9 December 2014

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £	
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income - transfer from local authority on conversion	2	-	-	-	8,421,332	
Activities for generating funds	3	86,984	1,400	88,384	114,635	
Investment income	4	862	-	862	422	
Incoming resources from charitable activities:						
Funding for the Academy trust's educational operations	5	-	4,853,549	58,647	4,912,196	4,466,899
TOTAL INCOMING RESOURCES	87,846	4,853,549	60,047	5,001,442	13,003,288	
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		59,582	-	59,582	60,710	
Charitable activities:						
Academy trust educational operations	10	-	4,648,613	346,416	4,995,029	4,684,960
Governance costs	6	-	10,640	-	10,640	38,495
TOTAL RESOURCES EXPENDED	59,582	4,659,253	346,416	5,065,251	4,784,165	
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS, CARRIED FORWARD	28,264	194,296	(286,369)	(63,809)	8,219,123	

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS, BROUGHT FORWARD		28,264	194,296	(286,369)	(63,809)	8,219,123
Transfers between Funds	19	(71,370)	(88,418)	159,788	-	-
NET INCOME / (EXPENDITURE) FOR THE PERIOD		(43,106)	105,878	(126,581)	(63,809)	8,219,123
Actuarial gains and losses on defined benefit pension schemes		-	(465,000)	-	(465,000)	1,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(43,106)	(359,122)	(126,581)	(528,809)	8,220,123
Total funds at 1 September 2013		208,846	(1,059,214)	9,070,491	8,220,123	-
TOTAL FUNDS AT 31 AUGUST 2014		165,740	(1,418,336)	8,943,910	7,691,314	8,220,123

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 45 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		8,935,121		8,943,941
CURRENT ASSETS					
Stocks	15	6,156		7,538	
Debtors	16	251,376		154,407	
Cash at bank and in hand		432,417		434,993	
		<u>689,949</u>		<u>596,938</u>	
CREDITORS: amounts falling due within one year	17	<u>(276,756)</u>		<u>(231,756)</u>	
NET CURRENT ASSETS			<u>413,193</u>		365,182
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,348,314</u>		9,309,123
CREDITORS: amounts falling due after more than one year	18		<u>(48,000)</u>		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>9,300,314</u>		9,309,123
Defined benefit pension scheme liability	25		<u>(1,609,000)</u>		(1,089,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>7,691,314</u></u>		<u><u>8,220,123</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted general funds	19	190,664		29,786	
Restricted fixed asset funds	19	8,943,910		9,070,491	
		<u>9,134,574</u>		<u>9,100,277</u>	
Restricted funds excluding pension liability				9,100,277	
Pension reserve		<u>(1,609,000)</u>		<u>(1,089,000)</u>	
Total restricted funds			<u>7,525,574</u>		8,011,277
Unrestricted funds	19		<u>165,740</u>		208,846
TOTAL FUNDS			<u><u>7,691,314</u></u>		<u><u>8,220,123</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2014 and are signed on their behalf, by:

H Brown
Chair of Trustees

The notes on pages 24 to 45 form part of these financial statements.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Year to 31 August 2014 £	Period to 31 August 2013 £
Net cash flow from operating activities	21	275,510	167,154
Returns on investments and servicing of finance	22	862	422
Capital expenditure and financial investment	22	(278,948)	(43,127)
Cash transferred on conversion to an academy trust		-	310,544
(DECREASE)/INCREASE IN CASH IN THE YEAR		(2,576)	434,993

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	Year to 31 August 2014 £	Period to 31 August 2013 £
(Decrease)/Increase in cash in the year	(2,576)	434,993
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(2,576)	434,993
New finance lease (early settlement income)	(60,000)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(62,576)	434,993
Net funds at 1 September 2013	434,993	-
NET FUNDS AT 31 AUGUST 2014	372,417	434,993

The notes on pages 24 to 45 form part of these financial statements.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

Transfers between funds and between categories of funds i.e. restricted, designated and unrestricted are only processed with due regard to grant terms, agreements of funders (where applicable) and due process where formal trustees' resolutions are required. Full disclosures are given within the notes to the accounts for any transfers processed.

Investment income, gains and losses are allocated to the appropriate fund.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

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

Donations are recognised on a receivable basis where there is certainty of receipt 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.

1.4 RESOURCES EXPENDED

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

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

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 one year from the date of approval of the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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)	-	not depreciated
Fixtures and fittings	-	15% Straight line
Computer equipment	-	25% Straight line

1.7 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 STOCKS

Stocks are valued at the lower of cost and value in use.

1.9 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.

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.10 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Voluntary income - transfer from local authority on conversion	-	-	-	8,421,332
Voluntary income	-	-	-	8,421,332

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	79,256	1,400	80,656	98,904
Other income	1,867	-	1,867	6,334
Fundraising income	5,861	-	5,861	9,397
	<u>86,984</u>	<u>1,400</u>	<u>88,384</u>	<u>114,635</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	862	-	862	422
	<u>862</u>	<u>-</u>	<u>862</u>	<u>422</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General annual grant (GAG)	-	4,211,718	4,211,718	4,215,065
Other DfE/EFA grants	-	653,806	653,806	188,648
Grants from other sources	-	46,672	46,672	63,186
	<u>-</u>	<u>4,912,196</u>	<u>4,912,196</u>	<u>4,466,899</u>

6. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance internal audit costs	-	1,190	1,190	1,190
Governance Auditors' remuneration	-	6,525	6,525	6,525
Governance Auditors' non audit costs	-	1,525	1,525	5,780
Governance legal and professional fees	-	1,400	1,400	25,000
	<u>-</u>	<u>10,640</u>	<u>10,640</u>	<u>38,495</u>

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. DIRECT COSTS

	Educational Operations £	Total 2014 £	Total 2013 £
LGPS Pension interest cost (£98,000) less expected return on assets (£58,000)	40,000	40,000	39,000
Educational supplies	218,860	218,860	138,115
Examination fees	167,195	167,195	173,519
Staff development	15,470	15,470	16,667
Hinckley & Bosworth Educational Partnership	168,586	168,586	6,004
Other direct costs	135,778	135,778	84,760
Depreciation	260,040	260,040	236,640
Technology costs	12,556	12,556	4,556
Teaching and educational support staff costs - salaries	2,434,771	2,434,771	2,402,630
Teaching and educational support staff costs - NI	183,466	183,466	181,238
Teaching and educational support staff costs - pensions	360,098	360,098	346,770
	<u>3,996,820</u>	<u>3,996,820</u>	<u>3,629,899</u>

8. SUPPORT COSTS

	Educational Operations £	Total 2014 £	Total 2013 £
Recruitment	6,747	6,747	3,400
Maintenance of premises and equipment	67,065	67,065	105,223
Cleaning	8,167	8,167	9,893
Rent and rates	24,383	24,383	29,730
Insurance	50,244	50,244	48,150
Depreciation	86,376	86,376	78,880
Catering	37,297	37,297	31,671
Other support costs	74,041	74,041	62,979
Security and transport	56,186	56,186	24,733
Technology costs	9,148	9,148	3,769
Energy costs	89,132	89,132	95,974
Support staff costs - salaries	402,673	402,673	470,929
Support staff costs - NI	21,245	21,245	23,178
Support staff costs - pensions	65,505	65,505	66,551
	<u>998,209</u>	<u>998,209</u>	<u>1,055,060</u>

GROBY COMMUNITY COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure Other costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Fundraising expenses	24,080	35,502	59,582	60,710
COSTS OF GENERATING FUNDS	24,080	35,502	59,582	60,710
Educational Operations	3,046,623	950,197	3,996,820	3,629,899
Support costs - Educational Operations	489,423	508,786	998,209	1,055,060
CHARITABLE ACTIVITIES	3,536,046	1,458,983	4,995,029	4,684,959
GOVERNANCE	-	10,640	10,640	38,495
	3,560,126	1,505,125	5,065,251	4,784,164

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Educational Operations	3,996,820	998,209	4,995,029	4,684,960

11. STAFF

a. Staff costs

Staff costs were as follows:

	Year to 31 August 2014	Period to 31 August 2013
	£	£
Wages and salaries	2,857,623	2,893,355
Social security costs	205,718	205,482
Other pension costs (Note 25)	428,495	415,950
	3,491,836	3,514,787
Supply teacher costs	68,290	47,035
	3,560,126	3,561,822

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

11. STAFF (continued)

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	Year to 31 August 2014 No.	Period to 31 August 2013 No.
Teachers	46	46
Administration and support	38	38
Management	7	7
	<u>91</u>	<u>91</u>

c. Higher paid staff

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

	Year to 31 August 2014 No.	Period to 31 August 2013 No.
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this staff member amounted to £10,881 (2013 annualised pension contributions: £10,512).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2013 - 4) in respect of defined benefit pension schemes.

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration for those holding the post Headteacher fell within the following bands:

	Year to 31 August 2014 £	Period to 31 August 2013 £
R Coles	75,000-80,000	70,000-75,000

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

The above figures show the amount paid in the year/period in relation to those months when the individual was a de facto Trustee by virtue of holding the post of Headteacher.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3 million on any one claim and the cost for the year ended 31 August 2014 was £1,310. The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2013	8,792,027	312,684	154,750	9,259,461
Additions	63,736	213,593	60,267	337,596
At 31 August 2014	<u>8,855,763</u>	<u>526,277</u>	<u>215,017</u>	<u>9,597,057</u>
DEPRECIATION				
At 1 September 2013	235,028	45,254	35,238	315,520
Charge for the year	226,943	65,719	53,754	346,416
At 31 August 2014	<u>461,971</u>	<u>110,973</u>	<u>88,992</u>	<u>661,936</u>
NET BOOK VALUE				
At 31 August 2014	<u>8,393,792</u>	<u>415,304</u>	<u>126,025</u>	<u>8,935,121</u>
At 31 August 2013	<u>8,556,999</u>	<u>267,430</u>	<u>119,512</u>	<u>8,943,941</u>

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 in the period ended 31 August 2013 using the EFA 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.

Included in leasehold land and buildings is land on a 125 year lease with a cost of £1,291,000 (2013 £1,291,000) which is not depreciated.

15. STOCKS

	2014 £	2013 £
Classroom and other materials	<u>6,156</u>	<u>7,538</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. DEBTORS

	2014 £	2013 £
Trade debtors	11,985	22,503
VAT recoverable	67,444	36,200
Other debtors	50,000	-
Prepayments and accrued income	121,947	95,704
	251,376	154,407

The other debtor relates to £50,000 of loan advance due to the Academy as a result of a lease entered into during the year split current and deferred over the lease term in creditors falling due within one year and after more than one year below, in addition to £10,000 received under the same lease during the year.

**17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £	2013 £
Other loans - see below	12,000	-
Trade creditors	75,053	49,599
Taxation and social security	61,896	60,074
Other creditors	75,339	56,906
Accruals and deferred income	52,468	65,177
	276,756	231,756

'Other loans' above of £12,000 and included below of £48,000 relates to cash loaned to the Academy 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 audit report qualification).

**18. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014 £	2013 £
Other loans - see note above	48,000	-

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

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Designated Funds	28,554	-	-	(8,554)	-	20,000
GENERAL FUNDS						
General Funds	180,292	87,846	(59,582)	(62,816)	-	145,740
Total Unrestricted funds	208,846	87,846	(59,582)	(71,370)	-	165,740
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	4,211,718	(4,123,300)	(88,418)	-	-
Other DfE/EFA grants	29,237	635,159	(476,253)	-	-	188,143
Grants from other sources	549	6,672	(4,700)	-	-	2,521
Pension reserve	(1,089,000)	-	(55,000)	-	(465,000)	(1,609,000)
	(1,059,214)	4,853,549	(4,659,253)	(88,418)	(465,000)	(1,418,336)
RESTRICTED FIXED ASSET FUNDS						
DfE/EFA capital grants	15,764	18,647	(5,395)	-	-	29,016
Transfer from local authority	8,857,945	-	(289,514)	-	-	8,568,431
Capital grants from other sources	40,000	40,000	(2,966)	-	-	77,034
Synthetic pitch repair fund	109,000	1,400	-	(102,400)	-	8,000
Capital expenditure from GAG	47,782	-	(48,541)	262,188	-	261,429
	9,070,491	60,047	(346,416)	159,788	-	8,943,910
Total restricted funds	8,011,277	4,913,596	(5,005,669)	71,370	(465,000)	7,525,574
Total of funds	8,220,123	5,001,442	(5,065,251)	-	(465,000)	7,691,314

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

19. STATEMENT OF FUNDS (continued)

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

Designated funds

The Academy has set aside funds to fund the future costs in relation to the development of buildings including the refurbishment of toilet facilities.

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. There has been a net transfer from the GAG of £88,418 which consists of a transfer to fund restricted fixed asset expenditure of £159,788 net of a transfer from unrestricted funds of £71,370 to equalise the closing balance.

The DfE/EFA restricted funds grants consists of Pupil Premium, Special Educational Needs Additional Allowance (SENA), Post 16 Bursary, School Direct, Vulnerable Children's Grant and Hinckley and Bosworth Educational Partnership (HBEP) income. The above carried forward balance relates to HBEP of £185,318, School Direct of £1,496 and Vulnerable Children's grant of £1,329. All other grants were fully spent in the year.

Grants from other sources consist of PGCE income, EMI Music Sound Foundation Grant and Duke of Edinburgh income. The above carried forward balance relates to PGCE income of £2,021, Action Research for Physics of £453 and Duke of Edinburgh income of £47 with the EMI Music Sound Foundation Grant being fully spent in the year.

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

DfE/EFA 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 buildings and moveable assets transferred from the Local Authority to the Academy on conversion less depreciation charged to date.

Capital grants from other sources consists of income from The David Wilson Foundation Grant. The closing balance relates to the net book value of the assets concerned plus the remaining unspent capital grant of £789.

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 August 2014.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	28,554	-	-	(8,554)	-	20,000
General funds	180,292	87,846	(59,582)	(62,816)	-	145,740
	<u>208,846</u>	<u>87,846</u>	<u>(59,582)</u>	<u>(71,370)</u>	<u>-</u>	<u>165,740</u>
Restricted funds	(1,059,214)	4,853,549	(4,659,253)	(88,418)	(465,000)	(1,418,336)
Restricted fixed asset funds	9,070,491	60,047	(346,416)	159,788	-	8,943,910
	<u>8,220,123</u>	<u>5,001,442</u>	<u>(5,065,251)</u>	<u>-</u>	<u>(465,000)</u>	<u>7,691,314</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	8,935,121	8,935,121	8,943,941
Current assets	165,740	515,421	8,789	689,950	596,938
Creditors due within one year	-	(276,757)	-	(276,757)	(231,756)
Creditors due in more than one year	-	(48,000)	-	(48,000)	-
Provisions for liabilities and charges	-	(1,609,000)	-	(1,609,000)	(1,089,000)
	<u>165,740</u>	<u>(1,418,336)</u>	<u>8,943,910</u>	<u>7,691,314</u>	<u>8,220,123</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 August 2014 £	Period to 31 August 2013 £
Net incoming resources before revaluations	(63,809)	8,219,123
Returns on investments and servicing of finance	(862)	(422)
Gift of Land Buildings and assets from EFA	-	(9,468,332)
Other capital grants	(40,000)	(40,000)
Depreciation of tangible fixed assets	346,416	315,520
Capital grants from DfE	(18,648)	(18,546)
Decrease/(increase) in stocks	1,382	(7,538)
Increase in debtors	(96,969)	(154,407)
Increase in creditors	93,000	231,756
FRS17 pension deficit on conversion	-	1,047,000
FRS17 pension cost less contributions payable	14,000	4,000
FRS17 pension finance costs	40,000	39,000
FRS17 pension losses on curtailment	1,000	-
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATIONS	275,510	167,154
	<hr/> <hr/>	<hr/> <hr/>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Year to 31 August 2014 £	Period to 31 August 2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	862	422
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(337,596)	(101,673)
Capital grants from DfE	18,648	18,546
Other capital grants	40,000	40,000
	<hr/>	<hr/>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(278,948)	(43,127)
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	434,993	(2,576)	-	432,417
DEBT:				
Finance leases	-	-	-	-
Debts due within one year	-	-	(12,000)	(12,000)
Debts falling due after more than one year	-	-	(48,000)	(48,000)
NET FUNDS	434,993	(2,576)	(60,000)	372,417

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 exceed £10 for the debts and liabilities contracted before he/she ceases to be a member.

GROBY COMMUNITY COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £53,984 were payable to the schemes at 31 August 2014 (2013 - £56,906) 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.

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

Valuation of the Teachers' Pension Scheme

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 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://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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25. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £164,000, of which employer's contributions totalled £126,000 and employees' contributions totalled £38,000. The agreed contribution rates for future years are 20.3% 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.

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

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.30	660,000	6.60	611,000
Bonds	3.30	160,000	3.80	249,000
Property	4.50	94,000	4.70	86,000
Cash	3.30	28,000	3.60	10,000
Total market value of assets		942,000		956,000
Present value of scheme liabilities		(2,551,000)		(2,045,000)
(Deficit)/surplus in the scheme		(1,609,000)		(1,089,000)

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS17 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 2013 for the year to 31 August 2014, or date of joining the fund if later).

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

The amounts recognised in the Balance sheet are as follows:

	Year to 31 August 2014 £	Period to 31 August 2013 £
Present value of funded obligations	(2,551,000)	(2,045,000)
Fair value of scheme assets	942,000	956,000
	<hr/>	<hr/>
Net liability	(1,609,000)	(1,089,000)
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The amounts recognised in the Statement of financial activities are as follows:

	Year to 31 August 2014 £	Period to 31 August 2013 £
Current service cost	(140,000)	(134,000)
Interest on obligation	(98,000)	(75,000)
Expected return on scheme assets	58,000	36,000
(Losses) / Gains on curtailments and settlements	(1,000)	-
Losses on curtailments and settlements	-	-
	<hr/>	<hr/>
Total	(181,000)	(173,000)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	124,000	89,000
	<hr/> <hr/>	<hr/> <hr/>

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

	Year to 31 August 2014 £	Period to 31 August 2013 £
Opening defined benefit obligation	2,045,000	1,744,000
Current service cost	140,000	134,000
Interest cost	98,000	75,000
Contributions by scheme participants	38,000	40,000
Actuarial Losses	248,000	52,000
Losses on curtailments	1,000	-
Benefits paid	(19,000)	-
	<hr/>	<hr/>
Closing defined benefit obligation	2,551,000	2,045,000
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

25. PENSION COMMITMENTS (continued)

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

	Year to 31 August 2014 £	Period to 31 August 2013 £
Opening fair value of scheme assets	956,000	697,000
Expected return on assets	58,000	36,000
Actuarial gains and (losses)	(217,000)	53,000
Contributions by employer	126,000	130,000
Contributions by employees	38,000	40,000
Benefits paid	(19,000)	-
	<u>942,000</u>	<u>956,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(464,000) (2013 - £1,000).

The academy expects to contribute £133,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	70.00 %	64.00 %
Bonds	17.00 %	26.00 %
Property	10.00 %	9.00 %
Cash	3.00 %	1.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.50 %	5.70 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.80 %
Inflation assumption (CPI)	2.70 %	2.90 %
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:

	2014	2013
Retiring today		
Males	22.2	20.9
Females	24.3	23.3
Retiring in 20 years		
Males	24.2	23.3
Females	26.6	25.6

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

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(2,551,000)	(2,045,000)
Scheme assets	942,000	956,000
Deficit	(1,609,000)	(1,089,000)
Experience adjustments on scheme liabilities	207,000	-
Experience adjustments on scheme assets	(217,000)	53,000

Sensitivity analysis

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

Change in assumptions as at 31 August 2014:

	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	15%	382,000
1 year increase in member life expectancy	3%	77,000
0.5% increase in the Salary Increase Rate	9%	218,000
0.5% increase in the Pension Increase Rate	6%	149,000

26. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	708	183
Between 2 and 5 years	-	-	30,440	58,722

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. 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 a trustee 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.

No related party transactions took place in the year.