Carre's Grammar School Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2013

Company Registration Number:
07671174 (England and Wales)

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Reference and administrative details

Members

W Cooke
K Dolby
RA Hutton
NM Law

Governors

EL Albuixech (appointed 18 September 2012)
AJ Allen
MR Barringer
CJ Boyce*
Dr SJB Gilmore
RA Hutton (Chairman)*
R Ketch*
NM Law (Headteacher and Accounting Officer)*
Sqn Ldr D Roberts
M Robertson (Vice-Chairman)*
J Robinson * (change of name from Szewczyk)
Cdr GD Titmus
SJB Walker* (resigned 19/11/2012)

*Also members of the Finance and Resources Committee

Company Secretary

JP Green

Senior Management Team

Assistant Headteacher	J Holland
Assistant Headteacher	M Moyes
Assistant Headteacher	AJ Wilkinson
Director of Finance and Administration	JP Green

Registered Office

Northgate
Sleaford
Lincolnshire
NG34 7DD

Reference and administrative details continued)

Company Registration number 07671174
(England and Wales)

Auditors

Duncan and Toplis
15 Chequergate
Louth
Lincolnshire
LN11 OLJ

Bankers

Lloyds Bank
2 Northgate
Sleaford
Lincolnshire
NG34 7BL

Governors' Report

The governors present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2013.

Structure, Governance and Management

Constitution

Carre's Grammar School Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the school.

The trustees act as the trustees for the charitable activities of Carre's Grammar School Academy Trust. The governors are the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Carre's Grammar School Academy Trust.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

The governors are directors of the Charitable Company for the purposes of the Companies Act 2006.

During the 12 month review the governors have held seven meetings and various committee meetings (the school has five committees). They have continued and developed the website aimed particularly at providing governor support and administration. All governors receive copies of all documentation such as policies, reports, procedures and budgets in advance of any meetings. Each governor is encouraged to spend time visiting the school and their faculty links.

The governors are split into categories; parent, staff, foundation and co-opted. Staff governors are candidates who must be working at the school at the time of the election. Each governor is provided with policies on their roles and responsibilities, conduct as a governor and guidance on the general principles of behaviour.

The school at present does not have any business sponsors; however, the school does work closely with the primary heads from the feeder schools, other academies within the area and the Local Authority.

The Register of Interests

It is important that all staff and governors, whether they have significant financial or spending powers on behalf of the school, or are in a position to order goods for their department, demonstrate that they do not benefit personally from any decisions they make. At the start of each academic year all staff and governors declare, by signing a statement, any financial interests they have in companies/individuals from which the school may purchase goods or services. In addition, the opportunity to declare any new conflicts of interests is at every full Governing Body meeting and the F&R Committee as it is a mandatory agenda item.

The disclosures should also include business interests of relatives or business partners, where influence could be exerted over a governor or a member of staff by that person. This does not detract from the duties of governors and staff to declare interests whenever they are relevant to matters being discussed by the Governing Body or a Committee. Where an interest has been declared, governors and staff should not attend that part of any committee or other meeting.

Governors' Report (continued)

Principal Activities

The principle object and activity of the Charitable Company is the operation of Carre's Grammar School Academy Trust to provide education for students of different abilities between the ages of 11 and 19. In accordance with the Articles of Association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The school was judged as 'Good ' at the most recent Ofsted inspection in January 2013. The inspectors noted that both "behaviour and safety of pupils" and " leadership and Management" was graded as outstanding. This reflects very well on the school's highly effective partnership between staff, students, parents and the wider community, all of whom are working together to deliver the high quality education that Carre's Grammar School is renowned for. Through the academy's activities the school is committed to lifelong learning. The school aims to enhance all students' educational experiences, to develop independent learners with transferrable skills that can be applied across a range of school subjects and also in later life.

The school, as an academy, now has autonomy to establish partnerships including those with other schools, institutions and businesses. The school is committed to sharing its expertise with the local community and as widely as possible. The school reviews its existing policies on a continuous basis and there have been no material amendments.

Method of Recruitment and Appointment or Election of Governors

The training and induction provided to governors will depend on their experience. Where necessary training in educational and financial matters will be provided. All new governors are given a tour of the school and the opportunity to meet with staff and students. As there are only very few changes in the governors, training is specifically tailored to the needs of the governor.

Policies and Procedures Adopted for the Induction and Training of Governors.

A new procedure was adopted for the appointment of a new governor on 18 September 2012. This includes a tour of the school, introduction by the Chairman and the appointment of a Governor Mentor.

Organisational Structure

The full Governing Body is supported by 5 Committees as follows:

- The Strategy and Development Committee
- The Finance and Resources Committee
- The Teaching and Learning Committee
- The Personnel and Welfare Committee
- The Pay Committee

The management structure in place on conversion has not been altered. The structure consists of 3 levels; the Governors, the Senior Management Team and Department Management Teams. The aim of this structure is to devolve responsibility and encourage involvement and decision making at all levels.

The governors are responsible for setting general policy, adopting the budget and monitoring its variances, making decisions about the direction of the academy, major capital expenditure and senior staff appointments.

The Senior Management Team are the Headteacher, 3 Assistant Headteachers and the Director of Finance and Administration. This team controls the academy at executive level, implementing the policies laid down by the governors and reporting back to them.

The Department Management Teams include the Heads of Key Stage 3 and 4, Faculty Heads as well as the Support Staff Managers in catering, administration and premises.

Governors' Report (continued)

Responsibilities of Governors

The Governing Body has overall responsibility for the administration of the academy's finances. The responsibilities include:

- Ensuring the grant from DfE is used only for the purposes intended;
- Ensuring that funds are received according to the Academy's Funding Agreement;
- Approval of the annual budget;
- Appointment of the Headteacher;
- Appointment of the Finance Director in conjunction with the Headteacher;
- Decision on all Tenders (over £25,000 capital and non-capital);
- Setting the terms of reference for the sub-committees;
- Appointment of independent auditors.

The Governing Body has formally met 7 times during the year.

The Finance and Resources Committee

The responsibilities of the Finance and Resources Committee are as follows:

- Initial review and authorisation of the annual budget;
- Review of the school's accounting policies and procedures;
- The monitoring of the Management Accounts;
- Ensuring annual accounts are produced in accordance with the requirements of the companies act 2006 and the DfE guidance issued to academies;
- Initial review and authorisation of contracts over £10,000;
- Scrutiny of orders over £5,000, and the authorisation of BACS payments and cheques over £5,000;
- Authorising changes to the academy personnel establishment;
- Agreeing the appointment of the Auditors and Responsible Officer;
- Reviewing financial controls information provided by the responsible officer (these will also be reported to the full Governing Body);
- Writing off obsolete/unusable equipment from the Inventory;
- Reviewing and updating the risk register.

The Pay Committee

- Reviewing the Headteachers' annual remuneration;
- Approval of staff remuneration.

Risk Management

The governors have assessed the major risks to which the academy is exposed in particular to those risks relating to teaching provision, financial and health and safety. They have introduced systems (eg internal financial controls) to mitigate these risks and have also ensured that they have adequate insurance cover. The academy has a system of internal financial control and this is detailed in the following statement:

Governors' Report (continued)

Statement on the system of internal financial control

As governors we acknowledge that we have overall responsibility to ensure that Carre's Grammar School has an effective and efficient system of control both financial and otherwise. We have responsibility for keeping proper accounting records which disclose, with proper accuracy, the financial position of the academy to enable us to ensure that the financial statements comply with the Companies Act. We also acknowledge our responsibility for correctly safeguarding the assets of the school and for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The academy is operating effectively;
- The assets are safeguarded against unauthorised use or disposition;
- That proper records are maintained and information published is reliable;
- The school complies with relevant laws and regulations.

The school'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 monthly management accounts and financial reports which are reviewed by the Finance and Resources Committee and agreed by the Full Governing Body.
- Regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans and capital work.

Connected Organisations, including Related Party Relationships

The school is not part of any formal federation with other schools but does work closely with the primary heads from the feeder schools, St George's Academy which is part of the Sleaford Joint Sixth Form, and the Local Authority.

Auditor

Insofar as the governors are aware:

- there is no relevant audit information of which the school's auditor is unaware; and
- the governors have taken all steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

It is proposed that the auditors are reappointed at the AGM convened on 18 November 2013.

Governors' Report (continued)

Objectives and Activities

Objects and aims
Carre's Grammar School has a long and proud history of achievement dating back to 1604, but we are focussed on meeting the contemporary needs of current and future students and preparing them for the world of tomorrow. We aim to provide opportunities at all levels for developing the character of the students and unlocking their potential through their participation in a wide range of educational experiences. This is provided by committed and professionally focussed staff who desire the attainment of excellence in teaching and learning outcomes. A culture of leadership and sense of community based on clearly expressed core values remains a key focus. Our aim is to build upon the school's achievements, utilising the school's current strengths to improve the areas that need developing, whilst recognising the opportunities and potential threats that exist, and which we perceive. This will enable us to realise our vision of creating a learning community in which every individual has the opportunities to attain his/her potential, intellectually, socially and personally, in a mutually supportive environment.

The main objectives of Carre's Grammar School during the period ended 31 August 2013 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all students;
- To Improve the effectiveness of the school by keeping the curriculum and organisation structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with the community, our feeder primary schools and our partner senior school;
- To conduct the school's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The school's Strategic Plan outlines the key areas of focus for the 5 year period from 2012-2017 to enable realisation of the school's vision.

1. Teaching and Learning

Objective

To ensure that all students achieve to their potential through excellence in teaching and learning.

Strategy

- Embed a culture of innovation in teaching and learning to meets the challenges of a developing society;
- Embed core learning principles throughout the school;
- Review, develop and expand the curriculum to ensure that it is fit for purpose and meets the needs of future generations;
- Continue to build the capacity of the teaching staff to cater for individual student's learning differences, abilities and preferred learning styles in the classroom.

2. Leadership and Management

Objective

To ensure that there is consistent high quality leadership at all levels to enable delivery of the school vision.

Strategy

- Embed high quality monitoring and accountability processes, including clear management structures;
- Ensure high quality professional development for all staff and governors;
- Ensure that there is an effective recruitment and appointment process for all staff;
- Develop succession planning at all levels;
- Ensure that school governance makes a significant contribution to the work of the school.

Governors' Report (continued)

3. Care, Guidance and Support

Objective

To ensure that all students feel safe, valued and cared for and to cultivate resilient and confident young people.

Strategy

- Embed a shared and consistent understanding of CGS policy and practice across the whole school, including safeguarding, developing a culture where all members of staff embrace their collective responsibility to encourage and inspire all of the young people in their charge;
- Continue to provide effective transition and pre-transition programmes for students entering the school;
- Implement effective processes to monitor and evaluate the effectiveness of CGS care and guidance strategies and practice on learner attitudes and outcomes;
- Continue to foster a culture of achievement founded on positive Behaviour for Learning;
- To continue to foster a culture where learners are equipped and empowered to maximise their own learning, aspiring to achieve their full potential through the development of processes that challenge complacency and support robust self-review;
- To continue to develop the school's specialist expertise to ensure that learners with additional needs are effectively supported.

4. Staffing

Objective

To employ, develop and support people to enable them to become leading practitioners in their fields and who add significant value to learning experiences of the students in the school.

Strategy

- Embed effective personnel procedures in the school, including Safer Recruitment principles;
- Provide an effective CPD programme for all staff as a means of promoting and supporting their learning and enhancing their contribution to the school;
- Embed a rigorous Performance Management process in the school;
- Promote, recognise and reward excellence, and celebrate success.

5. Community

Objective

To maintain positive and enduring relationships within Carre's and the wider community.

Strategy

- Promote and embed a culture of philanthropy throughout the Carre's community;
- Strengthen awareness and recognition of the school's programmes and initiatives in the wider community;
- Maintain and enhance a profile in the wider community that ensures ongoing reputation and numbers on roll;
- Develop and foster a strong alumni programme.

Governors' Report (continued)

6. Enrichment

Objective

To fully develop students' skills, values, capacities and interests beyond the classroom.

Strategy

- Embed the importance of enrichment in the culture of the school;
- Develop the skills of staff and improve student leadership;
- Develop and embed the values and spiritual health of the school both within and without the community.

7. Building for our future

Objective

To develop outstanding facilities and financial security to support the vision, values and moral purpose of the school.

Strategy

- Review and update a prioritised list of facility developments;
- Develop an Environmental Sustainability Programme;
- Develop the Academy Trust.

Public Benefit

Carre's Grammar School staff and students are encouraged to have high expectations. Gifted students will be stretched; all students will be motivated by the choice of academic subjects on offer. Our expectation is for all students to give of their best and to expect to be educated throughout their lives. Carre's wants to achieve an excellent education for all of its students and only the very best practice will serve to equip students for a rapidly changing world. We are preparing students to play an active and positive role in society and are looking to develop effective teaching and learning methods so that our students will leave the school equipped to play a productive role in their community.

At the heart of the local community, the school encourages diversity, and promotes inclusion within a selective setting, adding real value to learners' educational experiences. It works with local schools and partners in education, health, the arts and business, to extend learning opportunities beyond the classroom, promoting collaboration, innovation and lifelong learning.

The students are caring citizens who respect themselves and others, being consulted and listened to. They take pride in themselves and their school, respecting others' rights to learn free from fear of failure or intimidation. They are contributors to the cultural life of the school and community, participating in and leading the diverse range of extended opportunities made possible by the energy and enthusiasm of staff.

Students are encouraged to see themselves as effective communicators and participators in their own learning. They are users of new technologies, extending their learning beyond the classroom. They should be equally confident as independent or team workers and are able to apply transferable and employability skills in our rapidly changing world.

Students receive quality advice and guidance in order for them to make informed choices. Teaching is inspirational and aspirational and takes account of students' abilities, needs and ambitions in order to promote learning for life and achievement for all.

The school's main investment now, and always will be, for the benefit of the students, and therefore there is a big investment in the staff. The team adds value to the school and its students through their professional skills and motivation. All colleagues should see themselves as lifelong learners, looking for opportunities to improve their practice and supporting others to do the same. All colleagues should be professionally confident partners in rigorous and robust self-evaluation where there is a culture of accountability, identifying and removing barriers to learning, and engaging in partnership with parents and carers to maximise learner potential through a variety of approaches and support

Governors' Report (continued)

Public Benefit (continued)

mechanisms. Staff teams should actively seek ways to be at the cutting edge of educational thinking, constantly reviewing and analysing school performance. They foster a safe, healthy and stimulating environment, where learners enjoy and achieve. All members of the school community should believe in the school's capacity to learn, change and improve.

Expectations of self and others will be high and contribute to the ultimate aim of providing learning for life and achievement for all through support, challenge and positive relationships.

The curriculum will evolve to meet the needs of a dynamic society, diverse and motivational, developing and incorporating new approaches to learning and teaching. Management systems will support staff, empower students and inform parents about progress. The whole school approach will ensure consistent high standards across subjects, years and individuals and promote and deliver learning for life within our wider community, providing relevant, user-friendly learning opportunities.

The school experience should engender a lifelong fondness, attachment to, and pride in Carre's that will encourage continued contact for alumni and provide a continuity of educational excellence for future generations.

Achievements and Performance

Ofsted (January 2013) graded the school as being Good with some outstanding features, with excellent capacity to improve. The outstanding features were:

- Leadership and Management
- Behaviour and Safety

GCSE

- 99.1% 5 A*/C and 95.7% 5A*/C EM
- 41.7% of students achieving 5A*/A
- Maintained proportion of entries graded A*/A from 2011 to 2013 (42 to 43%)
- Ebacc indicator improved from 61% in 2012 to 68%, which continues to compare very favourably with the county grammar schools
- Marked improvements in French and German from 2012
- Disappointing results in Drama and Music
- Proportion of students taking single sciences has increased, with maintained improvements in progress in Biology and Chemistry
- Maths and Geography results continue to be a strength of the school

A Level

- A2 results achieved at Carre's in terms of proportion of entries awarded grades A* to B – 45%
- Better counselling and advice to ensure students opt for appropriate courses has taken place. This is reducing the proportion of U grades, most notably at AS and thus improving retention on courses from AS to A2
- AS attainment is the strongest ever at Carre's. 44% of entries at AS graded A to B (compared with 32% in 2012).
- Value added analysis for AS is very encouraging and bodes well for continued improvements in progress measures at A Level this year.
- Rigorous quality assurance has been identified as an area for improvement across the SJSF; in particular the need to observe the quality of teaching across the Joint Sixth Form
- The vast majority of students leaving Carre's at the end of sixth form enter higher education, training or employment (the majority at their first choice of destination).

All students benefit from the breadth of curriculum in Key Stage 4 and from the huge choice in the Joint Sixth Form. The combination of vocational and academic subjects has proved popular There are extensive trips to support the curriculum and the Duke of Edinburgh Award scheme continues. There continues to be a strong sporting programme with competitive fixtures across a range of sports and Carre's continues to achieve notable successes against other schools, and representation at different levels, from county to international honours.

Governors' Report (continued)

For the future we will be concentrating on improving academic performance with a particular focus on the 6th Form. The school is confident that the introduction of supervised study and an extra hour of teaching per fortnight in year 12 will result in continued improvement in attainment and progress for our sixth form students.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the school 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 note of the financial statements.

Financial Review

Financial and Risk Management Objectives and Policies

The Governing Body has reviewed the key risks to which the academy trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body following an initial review by the Finance and Resources Committee.

Principle Risks and Uncertainties

The Principle Risks and Uncertainties faced by the school centre around the alliance and partnership with the surrounding schools and the Sleaford Joint Sixth Form and the DfE funding reforms being proposed of which the detail is uncertain.

Reserves Policy

Demands on the schools reserves are expected to vary over the coming years and therefore the policy is that the level of reserves should not fall below £200,000 without special consideration. The reason for this is 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 level of unrestricted reserves at the end period was £414,000 of which funds had been set aside for the refurbishment of the all weather pitch and fitness suite.

Investment Policy

The Governing Body has directed that investments are only to be made with "Blue Chip" institutions. Cash and bank holdings in excess of daily requirements are to be invested to obtain further income for the school.

Plans for Future Periods

In settings our objectives and planning our activities, the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Carre's Grammar School will continue striving to improve the levels of performance of its students at all levels and continue its efforts to ensure its students obtain employment, training or a place in higher education once they leave. The school's targets for 2013/2014 are:

- Average student attendance 96% or better;
- 100% of eligible students to attain 5 or more GCSE's graded A*-C, including Mathematics and English;
- Sixth Form targets are 100% of Year 13 to pass A*-E, with 50% passing A*-B. Year 12 A*- E target is 90%;

Funds held as Custodian Trustee on behalf of others [see SORP paragraph 59]

There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the governors are aware:

- there is no relevant audit information of which the school's auditor is unaware; and
- the governors have taken all steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

It is proposed that the auditors are reappointed at the AGM convened on 18 November 2013.

Approved by order of the members of the Governing Body on 18 November 2013. and signed on its behalf by:

.....

RA Hutton
Chair

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Carre's Grammar School Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between that Carre's Grammar School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
A Allen	5	7
E Albuixech	6	7
M Barringer	5	7
CJ Boyce	7	7
Dr SJB Gilmore	7	7
RA Hutton	7	7
R Ketch	6	7
NM Law	7	7
Sqn Ldr D Roberts	5	7
M Roberston	7	7
J Robinson (formerly J Szewczyk)	6	7
Cdr G Titmus	6	7

The Finance and Resources Committee

This committee is a Committee of the Governing Body and has met formally 11 times during the year. Attendance during the year at meetings of the Finance and Resources Committee was as follows:

Governor	Meetings attended	Out of a possible
CJ Boyce	6	8
RA Hutton	8	8
R Ketch	6	8
NM Law	8	8
M Roberston	8	8
J Robinson (formerly J Szewczyk)	7	8

Governance Statement (continued)

The Pay Committee

This committee is a Committee of the Governing Body and meets when required to reviewing the Headteachers' annual remuneration and also the approval of staff remuneration.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the school 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 at Carre's Grammar School Academy Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Simon Moss FCCA, as Responsible Officer (RO). The RO's role includes performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Carre's Grammar School confirms that the RO function has been fully delivered in line with the EFA's requirements throughout 2012/2013. There have been no material control issues arising as a result of the RO's work.

Governance Statement (continued)

Review of Effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Director of Finance and Administration within the academy trust who has responsibility for the production of the Management and Financial Accounts.

Approved by order of the members of the Governing Body on 18 November 2013 and signed on its behalf by:

.....
RA Hutton
Chair

.....
NM Law
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Carre's Grammar School Academy Trust I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

.....

NM Law
Accounting Officer

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities and are also directors of Carre's Grammar School Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the year. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 academy will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academyl 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 academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency, Educational Funding Agency and Department for Education have been applied for the purposes intended.

Insofar as the governors are aware:

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

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

Approved by order of the members of the Governing Body on 18 November 2013 and signed on its behalf by:

.....

RA Hutton
Chair

Independent Auditor's Report to the members of Carre's Grammar School Academy Trust

We have audited the financial statements of Carre's Grammar School Academy Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013, 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 Annual Accounts Direction 2013 issued by the Education Funding Agency.

Independent Auditor's Report to the members of Carre's Grammar School Academy Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

.....

N P Cudmore FCA (Senior Statutory Auditor)
For and on behalf of Duncan & Toplis
Chartered Accountants and Statutory Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

18 November 2013

Independent Reporting Accountant's Assurance Report on Regularity to Carre's Grammar School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Carre's Grammar School Academy Trust during the year ended 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Carre's Grammar School Academy Trust's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....

N P Cudmore FCA (Senior Statutory Auditor)
For and on behalf of Duncan & Toplis
Chartered Accountants and Registered Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

18 November 2013

Statement of Financial Activities for the year ended 31 August 2013
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	**Total 2013 £000**	**Total 2012 £000**
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	7	-	-	7	152
Transfer from local authority on conversion		-	-	-	-	8,383
Activities for generating funds	3	147	192	-	339	384
Investment income	4	5	-	-	5	3
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	5	-	4,156	229	4,385	4,309
Total incoming resources		159	4,348	229	4,736	13,231
Resources expended						
Cost of generating funds:						
Costs of generating voluntary income						
Fundraising trading						
Charitable activities:						
Academy's educational operations	7	21	4,151	196	4,368	4,288
Governance costs	8	-	44	-	44	47
Other resources expended:						
Transfer from local authority on conversion		-	-	-	-	698
Total resources expended	6	21	4,195	196	4,412	5,033
Net incoming/(outgoing) resources before transfers		138	153	33	324	8,198
Gross transfers between funds	15	-	(148)	148	-	-
Net income/(expenditure) for the year		138	5	181	324	8,198
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	15, 25	-	27	-	27	(141)
Net movement in funds		138	32	181	351	8,057
Reconciliation of funds						
Funds brought forward to 1 September 2012	15	276	(544)	8,325	8,057	-
Funds carried forward at 31 August 2013		414	(512)	8,506	8,408	8,057

All of the Academy's activities derive from acquisitions during the previous financial period.

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

Balance sheet as at 31 August 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	12		8,488		8,272
Current assets					
Debtors	13	261		100	
Cash at bank and in hand		792		653	
		1,053		753	
Creditors: Amounts falling due within one year	14	(268)		(114)	
Net current assets			785		639
Total assets less current liabilities			9,273		8,911
Net assets excluding pension liability					
Pension scheme liability	25		(865)		(854)
Net assets including pension liability			8,408		8,057
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	15		8,506		8,325
General fund(s)	15		353		310
Pension reserve	15		(865)		(854)
Total restricted funds			7,994		7,781
Unrestricted funds	15		414		276
Total funds			8,408		8,057

The financial statements on page 21 to 42 were approved by the trustees, and authorised for issue on 18 November 2013 and are signed on their behalf by:

.....
R A Hutton
Chair

Company Limited by Guarantee
Registration Number 07671174

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	19	317	459
Returns on investments and servicing of finance	20	5	3
Capital expenditure	21	(183)	(162)
Cash transferred on conversion to an academy trust		-	353
(Decrease)/Increase in cash in the year	22	139	653
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		653	-
Net funds at 31 August 2013		792	653

Notes to the Financial Statements for the Year Ended 31 August 2013

1 Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

- **Grants receivable**

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind**

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

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources. All stock is expensed as perishable.

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful lives, as follows:

Long leasehold buildings	2% on cost
Building improvements	10% on cost
Fixtures, fittings and equipment	25% on cost
ICT equipment	25% on cost

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

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

Leased Assets

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

Stock

Stock is expensed as perishable.

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.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

1 Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 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 settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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 the Education Funding Agency/Department for Education.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Capital grant	-	-	-	17
Other donations	7	-	7	135
	7	-	7	152

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Hire of facilities	144	-	144	142
Catering income	-	140	140	143
Salary reclaims	-	5	5	40
Music lessons	-	24	24	29
Exam fees	-	16	16	11
Class sales	-	7	7	12
Other	3	-	3	7
	147	192	339	384

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Short term deposits	5	-	5	3
	5	-	5	3

5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	4,048	4,048	4,107
Capital Grants	-	229	229	-
Other DfE/EFA grants	-	54	54	66
	-	4,331	4,331	4,173
Other Government grants				
Local authority grants	-	19	19	71
Special educational projects	-	35	35	65
	-	54	54	136
	-	4,385	4,385	4,309

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Non Pay Expenditure Other Costs £000	Total 2013 £000	Total 2012 £000
Costs of generating voluntary income					
Costs of activities for generating funds					
Academy's educational operations					
Direct costs	2,738	-	465	3,203	3,350
Allocated support costs	554	296	315	1,165	938
	3,292	296	780	4,368	4,288
Governance costs including allocated support costs	-	-	44	44	47
	-	-	44	44	47

The method used for the apportionment of support costs is disclosed in the accounting policies.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

6 Resources Expended (continued)

	2013 £000	2012 £000
Incoming/outgoing resources for the year include:		
Operating leases	18	10
Fees payable to auditor		
Audit	5	8
Other services	1	3
Profit/(loss) on disposal of fixed assets		

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Direct costs				
Teaching and educational support staff Costs	-	2,738	2,738	2,923
Educational supplies	-	221	221	151
Examination fees	-	96	96	92
Staff development	-	16	16	20
Other direct costs	-	132	132	164
	-	3,203	3,203	3,350
Allocation supported costs				
Support staff costs	-	554	554	551
Depreciation	-	196	196	20
Maintenance of premises and equipment	-	127	127	66
Other premises costs	21	36	57	67
Cleaning	-	5	5	4
Rent & rates	-	37	37	45
Insurance	-	5	5	8
Light & heat	-	65	65	52
Postage and stationery	-	19	19	20
Administration	-	10	10	10
Security and transport	-	14	14	9
Catering	-	76	76	85
Other support costs	-	-	-	1
	21	1,144	1,165	938
	21	4,347	4,368	4,288

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

8 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	39	39	36
Auditor's remuneration				
• Audit of financial statements	-	5	5	8
• Other services	-	-	-	3
	-	44	44	47

9 Staff Costs

	2013 £000	2012 £000
Staff costs during the period were:		
Wages and salaries	2,657	2,773
Social security costs	196	242
Pension costs	429	420
	3,282	3,435
Supply teacher costs	10	34
Compensation payments	-	5
	3,292	3,474

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2013 Number	2013 Full-time equivalent	2012 Number	2012 Full-time equivalent
Charitable Activities				
Teachers	49	44	47	42.5
Administration and support	48	32	47	30
Management	5	5	5	5
	102	81	99	77.5

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

	2013	2012
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
	1	1

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

9 Staff Costs (continued)

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for this member of staff amounted to 10,258 (2012: £10,512). .

10 Related Party Transactions - Trustees' Remuneration and Expenses

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

N M Law – Headteacher	£75,000 - £80,000	(2012: £70,000 - £75,000)
E L Albuixech - Other staff governor	£40,000 - £45,000	(2012: -)
A J Allen – Other staff governor	£35,000 - £40,000	(2012: £35,000 -£40,000)
J Robinson – Other staff governor	£40,000 - £45,000	(2012: £40,000 - £45,000)
V Postoyalko – Other staff governor	-	(2012: £30,000 - £35,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £1,911 (2012 - £2,017) were reimbursed to 10 trustees (2012 – 3). Related party transactions involving the trustees are set out in note 26.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2013 was £1,026 (2012: £1,387). The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Long leasehold Land and Buildings £000	Leasehold Property Improvements £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	**Total £000**
Cost						
At 1 September 2012	8,030	175	80	7	-	**8,292**
Additions	-	299	39	74	-	**412**
At 31 August 2013	8,030	474	119	81	-	**8,704**
Depreciation						
At 1 September 2012	-	7	12	1	-	**20**
Charged in year	140	17	28	11	-	**196**
At 31 August 2013	140	24	40	12	-	**216**
Net book values						
At 31 August 2013	7,890	450	79	69	-	**8,488**
At 31 August 2012	8,030	168	68	6	-	**8,272**

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

13 Debtors

	2013 £000	2012 £000
Trade debtors	6	9
VAT recoverable	91	20
Other debtors	109	34
Prepayments and accrued income	55	37
	261	100

14 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	220	75
Accruals and deferred income	48	39
	268	114

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

15 Funds

	Balance at 1 September 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	210	4,048	(3,880)	(98)	280
Standards Fund	51	5	(46)	(8)	2
1:1 Funding	3	19	-	-	22
Pupil Premium	20	41	(25)	(20)	16
PE Teacher	-	8	-	(8)	-
Community Sports	23	23	(8)	(10)	28
YST Lead Specialism	3	6	(4)	(4)	1
NKDC	-	6	(2)	-	4
Other income	-	192	(192)	-	-
	310	4,348	(4,157)	(148)	353
Pension reserve	(854)	-	(38)	27	(865)
	(544)	4,348	(4,195)	(121)	(512)
Restricted fixed asset funds					
Fixed asset	8,272	-	(196)	412	8,488
NKDC S.106	53	-	-	(53)	-
Capital Grant – School House	-	91	-	(91)	-
Capital Grant - Windows	-	120	-	(120)	-
Capital Grant – Capital Earmarked	-	18	-	-	18
	8,325	229	(196)	148	8,506
Total restricted funds	7,781	4,577	(4,391)	27	7,994
Unrestricted funds					
General	207	159	(21)	(106)	239
All weather pitch	61	-	-	100	161
Fitness Suite	8	-	-	6	14
Total unrestricted funds	276	159	(21)	-	414
Total funds	8,057	4,736	(4,412)	27	8,408

Notes to the Financial Statements for the Period Ended 31 August 2013 (continued)

15 Funds (continued)

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

1. General Annual Grant (GAG) - is used to fund the operating costs of the academy, under the funding agreement with the Secretary of State the academy was not subject to a limit on the amount of the GAG it could carry forward at 31 August 2013.
2. The other restricted fund grants are funding for the specific purpose shown above.
3. Other income is income generated for specific purposes.
4. The pension reserve represents the academy's share of the LGPS Pension Fund Deficit.
5. The restricted fixed asset fund is not available for spending as it represents the net book value of fixed assets transferred to the academy on conversion and subsequent additions. Future depreciation will be charged to this fund.
6. The NKDC S.106 Fund is an amount received from North Kesteven District Council to be used on capital expenditure of the Academy.
7. The unrestricted funds can be utilised by the academy as necessary but amounts have been designated for use in refurbishing the all weather pitch and fitness suite.

16 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	8,488	8,488
Current assets	414	621	18	1,053
Current liabilities	-	(268)	-	(268)
Pension scheme liability	-	(865)	-	(865)
Total net assets	414	(512)	8,506	8,408

17 Capital commitments

	2013 £000	2012 £000
Contracted for but not provided	29	-

18 Financial commitments

Operating leases

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

	2013 £000	2012 £000
Other		
Expiring within one year	1	1
Expiring within two and five years inclusive	17	1
Expiring in over five years	-	-
	18	2

19 Reconciliation of net income to net cash inflow from operating activities

	2013 £000	2012 £000
Net income	324	8,198
Depreciation (note 12)	196	20
Capital grants from DfE/EFA and other capital income	(229)	(100)
Transfer on conversion	-	(7,685)
Interest receivable (note 4)	(5)	(3)
FRS 17 pension cost less contributions payable (note 25)	10	(17)
FRS 17 pension finance income (note 25)	28	32
(Increase)/decrease in debtors	(161)	(100)
Increase/(decrease) in creditors	154	114
Net cash inflow from operating activities	317	459

20 Returns on investments and servicing of finance

	2013 £000	2012 £000
Interest received	5	3
Net cash inflow from returns on investment and servicing of finance	5	3

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

21 Capital expenditure and financial investment

	2013 £000	2012 £000
Purchase of tangible fixed assets	412	262
Capital grants from DfE/EFA	(229)	(17)
Capital funding received from sponsors and others	-	(83)
Net cash outflow from capital expenditure and financial investment	183	162

22 Analysis of changes in net funds

	At 1 September 2012 £000	Cash flows £000	At 31 August 2013 £000
Cash in hand and at bank	653	139	792
	653	139	792

23 Contingent Liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by any other means of any asset for which a Government grant was received, the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

(a) The value at that time of the Academy's site and premises and other assets held for the purposes of the Academy: and

(b) The extent to which the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 Members' Liability

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

25 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

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

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

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

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

Under the definitions set out in Financial Reporting Standard (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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £179,537, of which employer's contributions totalled £139,269 and employees' contributions totalled £40,269. The agreed contribution rates for future years are 22.8% including employee contributions of between 5.5% and 7.5% depending on salary levels. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of the Academy closure, outstanding LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Pension increase rate	2.8%	2.2%
Salary increase rate	5.1%*	4.5%*
Expected return on assets	6.1%	5.0%
Discount rate	4.6%	4.1%

*The salary increases assumed to be 1% until 31 March 2015 reverting to the assumption shown above thereafter.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service.

The current mortality assumptions are based on the Fund's VitaCurves with improvements in line with the Medium Cohort and a 1% p.a. underpin from 2007. Based on these assumptions, the average future life expectancies at age 65 are as below:

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	21.2	21.2
Females	23.4	23.4
*Future pensioners**		
Males	23.7	23.7
Females	25.7	25.7

*Figures assume members aged 45 at the last formal valuation date.

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	6.6%	775	5.5%	534
Bonds	4.3%	121	3.7%	92
Property	4.7%	111	3.7%	78
Cash	3.6%	-	2.8%	7
Total market value of assets		1,007		711
Present value of scheme liabilities				
- Funded		(1,872)		(1,565)
Surplus/(deficit) in the scheme		(865)		(854)

The actual return on scheme assets was £116,000 (2012: £17,000).

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	(149)	(130)
Total operating charge	(149)	(130)

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	40	41
Interest on pension liabilities	(68)	(73)
Pension finance income / (costs)	(28)	(32)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £114,000 loss (2012: £141,000 loss).

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

	2013 £000	2012 £000
At 1 September	1,565	1,206
Current service cost	149	130
Interest cost	68	73
Employee contributions	40	40
Actuarial (gain)/loss	50	116
At 31 August	1,872	1,565

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

	2013 £000	2012 £000
At 1 September	711	508
Expected return on assets	40	41
Actuarial gain/(loss)	77	(25)
Employer contributions	139	147
Employee contributions	40	40
At 31 August	1,007	711

The estimated value of employer contributions for the year ended 31 August 2014 is £139,000.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The five-year history of experience adjustments is as follows:

	2013 £000	2012 £000
Present value of defined benefit obligations	(1,872)	(1,565)
Fair value of share of scheme assets	1,007	711
Surplus/(Deficit) in the scheme	(865)	(854)
Experience adjustments on share of scheme assets	77	(25)
Experience adjustments on scheme liabilities:	-	-

26 Related Party Transactions

The Academy occupies the leasehold buildings at a peppercorn rent under the terms of a 125 year lease that commenced on 1 August 2011. The landlords are an excepted charity the "Foundation of Carre's Grammar School", and four of the trustees of this charity are also members of Carre's Grammar School Academy Trust. The excepted charity is a related party by virtue of four of it's trustees also being governors (trustees) of the charitable company, A rent of £1,250 (2012 - £1,200) was paid to the Foundation of Carre's Grammar School in the year.