

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2013**

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

<b>Governors</b>	B Perrett, Chair (appointed 9 July 2012) T Moralee, Head Teacher (appointed 9 July 2012) N Robinson, Staff Governor (appointed 11 July 2013) T Scott, Staff Governor (appointed 11 July 2013) C Pearson, Staff Governor (appointed 9 July 2012, resigned 14 June 2013) S Jenkins, Staff Governor (appointed 9 July 2012) N Hopkins, Staff Governor (appointed 9 July 2012, resigned 26 September 2013) P Wiles, Responsible Officer (appointed 9 July 2012) A Gaskin (appointed 9 July 2012) S Freer (appointed 9 July 2012, resigned 14 June 2013) A Wilford (appointed 9 July 2012, resigned 7 October 2013) B Shaw (appointed 9 July 2012, resigned 3 April 2013) G White (appointed 9 July 2012) S Boocock (appointed 9 July 2012, resigned 14 June 2013) S Glover (appointed 9 July 2012) T Kenyon (appointed 9 July 2012) S Wright (appointed 9 July 2012, resigned 14 June 2013) L Swift (appointed 9 July 2012, resigned 20 November 2013) S Page (appointed 9 July 2012) S Jordan (appointed 9 July 2012)
<b>Company registered number</b>	08135389
<b>Registered office</b>	Thomas Estley Community College Station Road Broughton Astley Leicester Leicestershire LE9 6PT
<b>Company secretary</b>	A M Willett
<b>Senior management team</b>	T Moralee, Principal C Freeman, Vice Principal A Collins, Vice Principal M Young, Assistant Principal A M Willett, College Manager
<b>Independent auditor</b>	BDO LLP Pannell House 159 Charles Street Leicester LE1 1LD
<b>Bankers</b>	NatWest Plc Gateway House 4 Penman Way Grove Park, Enderby Leicester LE19 1SY

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
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Advisers (continued)

Solicitors	BHW Solicitors 5 Grove Court Grove Park Enderby Leicester LE19 1SA
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**THOMAS ESTLEY COMMUNITY COLLEGE**  
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**GOVERNORS' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

The Governors (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 Thomas Estley Community College (the Academy) for the period ended 31 August 2013. The Governors 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**

**a. Constitution**

The Academy is a charitable company limited by guarantee and an exempt charity incorporated on 9th July 2012 and opened as an Academy on 1 August 2012. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of Thomas Estley Community College and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Thomas Estley Community College.

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

**b. Method of recruitment and appointment or election of Governors**

The Trustees of Thomas Estley Community College is constituted as laid down in its Articles of Association and is made up of not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum, allowing us to adjust membership to reflect the needs of the Academy as it evolves.

Subject to Articles, the Academy Trust shall have the following Governors:

- (a) up to 5 Member Appointed Governors who may be appointed by The Members
- (b) up to 3 Staff Governors who may be appointed through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors
- (c) at least 2 but no more than 4 Parent Governors appointed by election by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time of election.
- (d) The Principal
- (e) Any Additional Governors, if appointed by The Secretary of State
- (f) Any Further Governors, if appointed by The Secretary of State if he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy
- (g) Up to 10 Community Governors appointed by the Governing Body provided that the person who is appointed as a Community Governor is a person who lives or works in the Community served by the Academy or who, in the reasonable opinion of the Governing Body, is committed to the good governance and success of the Academy.
- (h) Up to 2 Umbrella Governors, if appointed in the event that the Umbrella Trust reasonably determines that the Academy Trust is failing to fulfil the annual Improvement Plan or the Object and the Members shall use their best endeavours to ensure the appointment of such Umbrella Governors.

All Governors, other than the Principal, serve for a term of four years after which they are required to be re-elected/re-appointed. Staff governors are appointed through open election for all eligible members of staff.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**c. Policies and procedures adopted for the induction and training of Governors**

The training and induction for new Governors will depend on their existing experience and will be tailored specifically to the needs of the individual. Thomas Estley Community College has a contract with Leicestershire County Council's Governors Development Service which provides governors induction training and other specified courses as required. Governors receive an induction pack on joining the board of Trustees which includes details of the role and responsibilities of Governors and have access to copies of minutes, accounts, plans and other documents needed to undertake their role.

During the period, Governors were offered all necessary training including Safer Recruitment Training, Allegations Management Training, governor induction training and curriculum management training.

**d. Organisational structure**

The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education. The Governing Body has approved a scheme of delegation and established a number of sub committees to review policies and performance of the school in all areas. Reports from each of the sub-committees are received and discussed at every meeting of the full governing body. All Governors are members of the full governing body. In addition Governors are members of committees who report to the full governing body.

Subject to the legislation enacted through the Education (No 2) Act 1986 and the Education Reform Act 1988, all Committees of the College Governing Body operate in an integrated manner across those functions, matters and operations appropriately defined and ascribed for the whole of Thomas Estley Community College. These include statutory secondary education, Teaching School, adult education, youth work, community development, affiliated clubs and societies, outreach work, pre-school and family education, work with external statutory and voluntary agencies and organisations, all in support of the policy and practice of comprehensive community education.

Full terms of reference for the governing body and its sub committees are available on the website in policies. Governors were not paid any remuneration or expenses for carrying out their duties. The Principal and Staff Governors only received remuneration in respect of services they provided undertaking the roles of Principal and staff and not in respect of their services as Governors/Trustees. Other Governors did not receive any payments from the Academy in respect of their role as Governors/Trustees.

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 Governors with major expenditure and other significant decisions being referred to the Governors in line with agreed policy/procedure.

**e. Connected organisations, including related party relationships**

The Principal and all members of the senior leadership team are members of several professional organisations and regularly attend a range of local and county-wide meetings to keep up to date with current educational policies/practice and thinking and benchmark/share good practice.

The college is a member of the South Leicestershire Learning Partnership umbrella trust which is company limited by guarantee. It was formed initially from 4 local schools specifically to deliver a quality, continuous and progressive learning experience for young people up to the age of 19 through the adoption and development of supportive and collaborative principles between the members; to promote co-operation between the Academy Trusts; to promote improvement in respect of the Academy Trusts; and to advance for the public benefit education in the United Kingdom by managing and developing the Academy Trusts.

The college is also part of the Learning South Leicestershire Partnership which is a collaboration of 15 schools and 1 FE College around South Leicestershire working together providing learning opportunities to enhance the curricula of the schools, funded more cost effectively through joint arrangements.

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**GOVERNORS' REPORT (continued)**  
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As part of its activities, the college became a Teaching School during 2013 and coordinates the work of the Thomas Estley Learning Alliance (TELA) with partner alliance schools both local and nationally. The College is also a National Support School. As a result the college engages in significant School to School Support and CPD provision. The College is also a centre for School Direct placements.

**f. Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Academy's risk management process is undertaken on an annual basis and key controls in place include:-

- Formal agenda for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body
- Pecuniary interests of governors reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

**g. Governors' indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omission occurring whilst on Academy business. The insurance which was arranged via Leicestershire Academies' Insurance Scheme (LIAS) provides cover up to £3 million in any one year underwritten by QBE Ltd. The premium for the 13 months covering 1 August 2012 – 31 August 2013 was £1,750.

**h. Principal activities**

Thomas Estley Community College (Academy Trust) opened on 1 August 2012 replacing Thomas Estley Community College which ceased to be maintained by Leicestershire County Council.

The Academy's principal activities are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum; and

To promote for the benefit of the inhabitants of Broughton Astley and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The college teaches pupils aged 11-14 and has a capacity of 753. Pupils are drawn principally from the villages of Broughton Astley, Cosby and Whetstone. The College runs a pre-school and out of school club as well as numerous community groups and was designated as a Teaching School in 2013.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**Objectives and Activities**

**a. Objects and aims**

The principal objective of Thomas Estley Community College as a charitable company is to provide the best education it can for pupils of different abilities; to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and to promote for the benefit of the inhabitants of Broughton Astley and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

**b. Objectives, strategies and activities**

Thomas Estley Community College's objectives for the period ending 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 pupils
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under review
- To provide value for money of the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the academy's business in accordance with the highest standards of integrity and openness

Mission Statement: Modelling tomorrow's global citizens.

Core Values:

- Excellence in all we do
- Fairness in all we do
- A community built on positive relationships
- A community built on mutual respect
- A learning institution which sets stimulating challenges
- A community permeated by professional integrity
- A community where cooperation and participation are prevalent
- A community where individuals accept responsibility by learning and behaviour
- A community which builds partnerships for the benefit of learners

**c. Public benefit**

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

The Academy Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.



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**GOVERNORS' REPORT (continued)**  
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**Achievements and performance**

**a. Going concern**

After making appropriate enquiries, the governing body 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.

**b. Key financial performance indicators**

Students at Thomas Estley make outstanding progress in their learning. For all levels of ability, proportions making expected progress and exceeding expected progress in English and Maths are high compared with national figures. These results have been consistently strong in Maths over many years, where 82% of our students in 2013 made two levels of progress over their three years here, and recently there has been a strong upwards surge in English, where in 2013 77% of our students made two levels of progress during their time at Thomas Estley. These are above Leicestershire averages, which are currently themselves in the top 1-2% of English local authorities for attainment and progress at key stage three, so all students at Thomas Estley achieve within top levels of achievement nationally.

In all English and Maths indicators pupil groups attain above national levels, and almost all attain above very high Leicestershire KS3 levels. This includes ethnic, SEN, gender and other groups. The college is not complacent and interventions are in place for sustained improvement in all areas.

After leaving Thomas Estley, our students continue to achieve very well. For example, they achieve around 6% above national averages at 5A\*-C including English and Maths and make well above national progress in English. At A level, they achieve even well in comparison with national averages. Outstanding attainment is demonstrated by pupils outperforming national and local benchmarks. Results for all pupils at KS3 were well above national averages in all subjects at all levels, and above all Leicestershire averages in all subjects at both 5+ and 6+.

<b>Core subjects in 2013</b>	<b>5+% above national</b>	<b>6+% above national</b>	<b>7+% above national</b>
<b>English</b>	16	34	20
<b>Maths</b>	15	21	18
<b>Science</b>	13	19	5

The average Point Score in 2013 was again well above national, and above Leicestershire averages (which are much higher than national averages) for English, Maths and overall core APS. It is also following an upwards trend.

<b>Core APS in 2013</b>	<b>Above Leics in 2012 by</b>	<b>Above Leics in 2013 by</b>	<b>Increase in APS 2012-13</b>
<b>Maths</b>	0.6	2.3	2.3
<b>English</b>	1.6	1.6	0.2
<b>Overall</b>	0.4	1.2	1.1

Performance overall is significantly above FFT estimates in English, Maths and Science at both 5+ and 6+, Maths 2 levels progress and English 2 levels progress. Outstanding progress is demonstrated by Value Added analysis and outperforming FFT estimates by significant percentages at Key Stage Three.

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Indicator	Thomas Estley 5+	Above FFT estimate by
English 5+	98	3%
English 6+	81	17%
English 2 LP	77	39%
Maths 5+	96	2%
Maths 6+	80	3%
Maths 2 LP	82	1%
Science 5+	96	1%
Science 6+	70	2%

**c. Investment policy and performance**

The Academy aims to ensure that funds which Thomas Estley Community College does not need immediately to cover anticipated expenditure are invested in such a way as to maximise the College's income, but without risk. The Academy's Investment Policy purpose includes ensuring adequate cash balances are maintained to cover day to day working capital requirements and to ensure there is no risk of loss in the capital value of any cash fund invested. Currently all surpluses above a daily holding balance are transferred to a direct reserve account on a daily basis. This continues to give a better interest rate than various bond options that are available to the Academy and is monitored regularly, to ensure any change interest rates fall on the direct reserve account.

**Financial review**

**a. Financial and risk management objectives and policies**

The Academy has developed risk management procedures as outlined above. The Governors have assessed the major risks to which the Academy is exposed and a formal review of the Academy's risk management process is undertaken on an annual basis.

**b. Principal risks and uncertainties**

The main risks identified include both strategic and operational risks. These include:

- Fluctuation in numbers on roll/ long term demand
- Impact of age range changes in local schools
- Changes in national funding arrangements
- LGPS Pension deficit

**c. Reserves policy**

The Governors review the cash reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of cash reserves. The Governors have determined that the appropriate level of free cash reserves should be equivalent to 4 weeks' worth of expenditure, both in terms of salaries and invoices. In broad terms this equates to approximately £300,000. The reason for this is to provide sufficient working capital to enable the Academy to manage its cash flow efficiently thus to cover delays between spending and receipt of grants, to manage annual variations in pupil numbers and to provide a cushion to deal with unexpected emergencies and build sufficient funding to support longer term capital spending plans for building refurbishment/development.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £279,840.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £899,000. This does not mean that an immediate liability for this

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The recognition of this deficit has no direct impact on the free reserves of the Academy.

**d. Principal funding**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Please note that the period shown is for 13 months due to the date of conversion being 1 August 2012.

The Academy also receives grants for capital expenditure from the EFA. In accordance with Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2013, total expenditure of £3,910,271 was more than covered by recurrent grant funding from the EFA together with other incoming resources, the excess of income over expenditure for the period (excluding restricted fixed asset funds and the pension reserve) was £558,107.

At 31 August 2013 the net book value of fixed assets was £6,890,181 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

**Plans for the future**

**a. Future developments**

- To maintain an outstanding Ofsted judgement at our next inspection
- To create and sustain a successful Teaching School Alliance
- To ensure all learners receive an outstanding learning experience and achieve their best
- To develop 5-19 progression with partner schools and colleges
- To maintain an effective budget that enables excellent learning, high quality staffing and a stimulating learning environment
- To ensure all teaching is good or outstanding, aiming for 70% outstanding
- To maintain our National Support School status and deliver high quality support within and beyond the county
- To develop practices to ensure consistent, outstanding written feedback
- To develop assessment protocols with 5-19 Trust Partners
- To conduct research into what makes outstanding pedagogy
- To maintain and develop the College buildings to ensure facilities best fit its future learners and users.

**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 £10.00 for the debts and liabilities contracted before they ceased to be a member.

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GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2013

**Provision of information to auditor**

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

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

This report was approved by order of the members of the governing body on 18 December 2013 and signed on its behalf by:



.....  
**Bruce Perrett**  
Governor

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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that Thomas Estley 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 governing body 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 Thomas Estley Community College and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors' report and in the governors' responsibilities statement. The governing body has formally met 3 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
B Perrett, Chair	3	3
T Moralee, Head Teacher	3	3
N Robinson, Staff Governor	0	0
T Scott, Staff Governor	0	0
C Pearson, Staff Governor	3	3
S Jenkins, Staff Governor	2	2
N Hopkins, Staff Governor	3	3
P Wiles, Responsible Officer	1	3
A Gaskin	2	3
S Freer	3	3
A Wilford	2	3
B Shaw	2	2
G White	3	3
S Boocock	2	2
S Glover	3	3
T Kenyon	3	3
S Wright	0	2
L Swift	2	3
S Page	3	3
S Jordan	3	3

The Governing Body at Thomas Estley Community College has undergone a number of changes in the period covered by this report including the change in Chair of Governors in April 2013 following the end of term of service of the preceding Chair, B Shaw with the appointment of B Perrett. There has been a number of other resignations during the period due to personal circumstances.

The key purposes of the College Governing Body are:

To contribute to the provision of a strategic view for the College with a continuing focus on the key issues of:

- promoting effective teaching and learning
- establishing high standards and expectations
- setting of statutory targets
- raising levels of achievement

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**GOVERNANCE STATEMENT (continued)**

To act as a critical friend by promoting the interests of the College, learners and staff through:

- support, advice and information from members' knowledge and interests
- monitoring and evaluating effectiveness
- promoting improvement

To ensure accountability by discussing questioning and refining proposals from the College Principal and staff who are responsible for the management of the College.

The Governing body undertakes the majority of these activities through its sub committees :

**Strategy Committee** - main activities include providing support on the strategic direction of the college through monitoring of all policy matters; general oversight of operational matters and co-ordination of the College Development Plan; Performance Management and maintenance/review of Risk Register. Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
T Moralee	5	5
B Perrett	3	3
G White	5	5
P Wiles	5	5
S Glover	4	5
S Freer	3	4
S Jenkins	1	1
B Shaw	3	3

**Teaching and Learning Committee** – main activities include monitoring effectiveness of Teaching and Learning offer; matters connected with the College curriculum, including assessment; extended service offer, including pre-school, out of school and youth provision and oversight of the work of TELA/ other partnership arrangements. Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
B Shaw	4	4
L Swift	2	5
C Pearson	3	4
P Wiles	5	5
S Jenkins	4	5
S Jordan	5	5
S Wright	2	4
S Glover	3	5
S Freer	3	4
S Boocock	1	4
S Page	4	4
T Kenyon	1	2
B Perrett	2	2
N Robinson	1	1
T Scott	1	1

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### GOVERNANCE STATEMENT (continued)

**Resources and Environment Committee** – main activities include agree/monitoring budget for ratification by the Governing Body; Ensure the College meets all its statutory obligations/audit requirements around finance and site issues including Health & Safety; Monitor building and capital projects through the premises improvement plan; review the College's Charging and Hire policies; Receive and respond to audit reports/ approve audited accounts for ratification by the Governing Body; Ensuring Value for Money.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
A Gaskin	6	6
A Wilford	5	6
B Shaw	4	4
B Perrett	6	6
G White	6	6
N Hopkins	5	6
T Kenyon	0	3
T Moralee	1	1

#### 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 Thomas Estley Community College for the period 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 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 ongoing process for identifying, evaluating and managing the Academy'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.

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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 governing body;
- regular reviews by the Resources and Environment 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 (as set 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 Paul Wiles, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. 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.

**Review of Effectiveness**

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

- the work of the Responsible Officer;
- the work of the external auditor;
- 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.

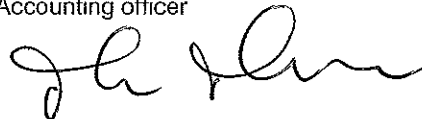
The Accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources and Environment Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 18 December 2013 and signed on their behalf, by:

**Bruce Perrett**  
Governor



**Tim Moralee**  
Accounting officer





THOMAS ESTLEY COMMUNITY COLLEGE  
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of Thomas Estley Community College I have considered my responsibility to notify the Academy governing body 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.

I confirm that I and the Academy governing body 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.

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



**Tim Moralee**  
Accounting officer

Date: 18 December 2013

**THOMAS ESTLEY COMMUNITY COLLEGE**  
**(A company limited by guarantee)**

**GOVERNORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements the Governors are required to:

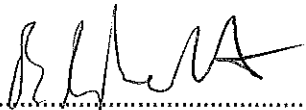
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material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

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 Academy and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Academies Accounts Direction 2013. 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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 Board of Governors and signed on its behalf by:



.....  
**Bruce Perrett, Chair**

for and on behalf of the board of governors

**Date: 18 December 2013**

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS ESTLEY COMMUNITY COLLEGE**

We have audited the financial statements of Thomas Estley Community College ("the Academy") for the period 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency ("the EFA").

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 and to the trustees, as a body, in accordance with the Academies Accounts Direction 2013. Our audit work has been undertaken so that we might state to the Academy's members and trustees 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, the Academy's members as a body and the Academy's trustees as a body for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the trustees' responsibilities statement, the trustees (who act as governors of Thomas Estley Community College and are also the directors of the charitable company 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the EFA.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' annual report for the financial period for which the financial statements are prepared is consistent with the financial statements.

THOMAS ESTLEY COMMUNITY COLLEGE  
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS ESTLEY 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 and proper accounting records have not been kept in respect of the Academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records; or
- certain disclosures of governor's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

*BDO LLP*

**Nishit Bathia** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Leicester  
United Kingdom

20 December 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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

In accordance with the terms of our engagement letter dated 30 April 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy during the period to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy 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 Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Thomas Estley Community College's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy's funding agreement with the Secretary of State for Education dated 01 August 2012 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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


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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure. The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

**Conclusion**

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

  
BDO LLP  
Leicester  
20 December 2013

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of recognised gains and losses)  
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Transfer on conversion	2	(780,738)	6,964,320	202,664	6,386,246
Other voluntary income	2	136,092	-	-	136,092
Activities for generating funds	3	-	-	316,987	316,987
Investment income	4	-	-	8,227	8,227
Incoming resources from charitable activities	5	3,606,007	-	-	3,606,007
<b>TOTAL INCOMING RESOURCES</b>		<b>2,961,361</b>	<b>6,964,320</b>	<b>527,878</b>	<b>10,453,559</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Fundraising expenses and other costs	3	-	-	254,477	254,477
Charitable activities	10	3,486,147	108,238	-	3,594,385
Governance costs	6	61,409	-	-	61,409
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>3,547,556</b>	<b>108,238</b>	<b>254,477</b>	<b>3,910,271</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>					
		(586,195)	6,856,082	273,401	6,543,288
Transfers between Funds	20	(21,648)	34,099	(12,451)	-
<b>NET INCOME FOR THE PERIOD</b>		<b>(607,843)</b>	<b>6,890,181</b>	<b>260,950</b>	<b>6,543,288</b>
Actuarial gains and losses on defined benefit pension schemes		6,000	-	-	6,000
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>(601,843)</b>	<b>6,890,181</b>	<b>260,950</b>	<b>6,549,288</b>
Total funds at 1 August 2012		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>(601,843)</b>	<b>6,890,181</b>	<b>260,950</b>	<b>6,549,288</b>

All of the Academy's activities derive from acquisitions in the current financial period.

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

The notes on pages 23 to 43 form part of these financial statements.


**THOMAS ESTLEY COMMUNITY COLLEGE**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08135389**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	16		6,890,181
<b>CURRENT ASSETS</b>			
Stocks	17	8,318	
Debtors	18	44,484	
Cash at bank		948,446	
		1,001,248	
<b>CREDITORS:</b> amounts falling due within one year	19	(443,141)	
<b>NET CURRENT ASSETS</b>			558,107
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,448,288
Defined benefit pension scheme liability	26		(899,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			6,549,288
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	20	297,157	
Restricted fixed asset funds	20	6,890,181	
Restricted funds excluding pension liability		7,187,338	
Pension reserve		(899,000)	
Total restricted funds			6,288,338
Unrestricted funds	20		260,950
<b>TOTAL FUNDS</b>			6,549,288

The financial statements were approved by the Governors, and authorised for issue, on 18 December 2013 and are signed on their behalf, by:

  
 .....  
**B Perrett, Chair**

  
 .....  
**T Moralee, Head Teacher**

The notes on pages 23 to 43 form part of these financial statements.

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	Note	13 months ended 31 August 2013 £
Net cash flow from operating activities	22	796,476
Returns on investments and servicing of finance	23	8,227
Capital expenditure and financial investment	23	(34,099)
<b>INCREASE IN CASH IN THE PERIOD</b>		<u><u>770,604</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	13 months ended 31 August 2013 £
Increase in cash in the period	<u>770,604</u>
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<u>770,604</u>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<u><u>770,604</u></u>

The notes on pages 23 to 43 form part of these financial statements.



**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. 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 issued by the EFA, applicable accounting standards and the Companies Act 2006.

The amounts disclosed in the Statement of Financial Activities and Cash Flow Statement and the supporting notes relate to the period from 1 August 2012 to 31 August 2013, i.e. a 13 month period.

**1.2 Company status**

The Academy is a company limited by guarantee. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

**1.3 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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**1.4 Incoming resources**

All incoming resources are included in the statement of financial activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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.

THOMAS ESTLEY COMMUNITY COLLEGE  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

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

Costs of generating funds 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 Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 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.

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,500 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.

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:

Long-term Leasehold Property	-	2% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33% straight line

Land is not depreciated.

Long-term Leasehold Property has been transferred across upon conversion, at the value determined as at that date. The valuation was completed by Andrea Hopkins (MRICS) of Leicestershire County Council on a depreciated replacement cost valuation.

**THOMAS ESTLEY COMMUNITY COLLEGE**

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.8 Operating leases**

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

**1.9 Stocks**

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

**1.10 Taxation**

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

**1.11 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 26, 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.

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.12 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Thomas Estley Community College to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Thomas Estley Community College. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

**2. VOLUNTARY INCOME**

	<b>Restricted funds 2013 £</b>	<b>Unrestricted funds 2013 £</b>	<b>Total funds 2013 £</b>
Transfer on conversion	6,183,582	202,664	6,386,246
Parental contributions	136,092	-	136,092
Voluntary income	<u>6,319,674</u>	<u>202,664</u>	<u>6,522,338</u>

THOMAS ESTLEY COMMUNITY COLLEGE  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Total funds 2013 £
<b>Charity trading income</b>		
Nursery and extended services	62,979	62,979
Catering	140,374	140,374
Lettings	19,707	19,707
Other trading income	93,927	93,927
	316,987	316,987
<b>Charity trading expenses</b>		
Nursery and extended services	44,911	44,911
Catering	143,554	143,554
Lettings	18,494	18,494
Other trading expenditure	47,518	47,518
	254,477	254,477
Net surplus from activities for generating funds	62,510	62,510

4. INVESTMENT INCOME

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £
Bank interest	-	8,227	8,227
	-	8,227	8,227

THOMAS ESTLEY COMMUNITY COLLEGE  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2013 £	Total funds 2013 £
Funding for academy's educational operations	3,606,007	3,606,007
	<u>3,606,007</u>	<u>3,606,007</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2013 £	Total funds 2013 £
<b>DfE/EFA revenue grant</b>		
General Annual Grant (GAG)	3,167,943	3,167,943
Capital Grants	4,529	4,529
Other DfE/EFA Grants	32,591	32,591
Pupil premium	53,011	53,011
Nursery	60,033	60,033
	<u>3,318,107</u>	<u>3,318,107</u>
<b>Other government grants</b>		
Local Authority Grants	17,294	17,294
	<u>17,294</u>	<u>17,294</u>
<b>Other funding</b>		
Leicestershire Secondary Heads Income	15,300	15,300
LSL Funds	244,124	244,124
External services	11,182	11,182
	<u>270,606</u>	<u>270,606</u>
	<u>3,606,007</u>	<u>3,606,007</u>

6. GOVERNANCE COSTS

	Restricted funds 2013 £	Total funds 2013 £
Auditor's remuneration	7,100	7,100
Legal and professional fees	54,309	54,309
	<u>61,409</u>	<u>61,409</u>

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**7. DIRECT COSTS**

	Funding for academy's educational operations £	Total 2013 £
Pension finance costs (note 15)	35,000	35,000
Depreciation	108,238	108,238
Technology	65,633	65,633
Educational supplies	60,623	60,623
Staff development	16,730	16,730
Educational consultancy	138,288	138,288
Other direct costs	127,029	127,029
Wages and salaries	1,857,780	1,857,780
National insurance	142,980	142,980
Pension cost	266,305	266,305
	2,818,606	2,818,606

**8. SUPPORT COSTS**

	Funding for academy's educational operations £	Total 2013 £
Recruitment and support	23,559	23,559
Maintenance of premises and equipment	32,592	32,592
Cleaning	4,663	4,663
Rent and rates	14,025	14,025
Energy costs	46,549	46,549
Insurance	58,892	58,892
Security and transport	20,093	20,093
Catering	12,408	12,408
Bank interest and charges	2,851	2,851
Other support costs	26,353	26,353
Wages and salaries	441,066	441,066
National insurance	21,129	21,129
Pension cost	71,599	71,599
	775,779	775,779

**THOMAS ESTLEY COMMUNITY COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**9. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Other costs 2013 £	Total 2013 £
Activities for generating funds	128,263	126,214	254,477
<b>Costs of generating funds</b>	<u>128,263</u>	<u>126,214</u>	<u>254,477</u>
<b>Charitable activities:</b>			
Funding for academy's educational operations	2,800,859	793,526	3,594,385
<b>Governance</b>	-	61,409	61,409
	<u>2,929,122</u>	<u>981,149</u>	<u>3,910,271</u>

**10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Charitable activities - Funding for academy's educational operations	<u>2,818,606</u>	<u>775,779</u>	<u>3,594,385</u>

**11. NET INCOME / (EXPENDITURE)**

This is stated after charging:

	13 months ended 31 August 2013 £
Depreciation of tangible fixed assets: - owned by the charity	108,238
Auditor's remuneration	<u>7,100</u>

During the period, no Governors received any benefits in kind.

During the period, no Governors received any reimbursement of expenses.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. STAFF COSTS**

Staff costs were as follows:

	13 months ended 31 August 2013 £
Wages and salaries	2,410,219
Social security costs	167,197
Other pension costs (Note 26)	351,706
	2,929,122
	2,929,122

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

	13 months ended 31 August 2013 No.
Management	3
Teachers	35
Administration and support	37
	75
	75

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

	13 months ended 31 August 2013 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	1
In the band £120,001 - £130,000	1
	3
	3

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**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the period ended 31 August 2013 was £1,750.

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

**14. PENSION FINANCE COSTS**

	13 months ended 31 August 2013 £
Expected return on pension scheme assets	32,000
Interest on pension scheme liabilities	(67,000)
	<hr/>
	<b>(35,000)</b> <hr/> <hr/>

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**16. TANGIBLE FIXED ASSETS**

	Long-term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
Additions	-	24,319	9,780	34,099
Transfer from Thomas Estley Community College	6,964,320	-	-	6,964,320
At 31 August 2013	<u>6,964,320</u>	<u>24,319</u>	<u>9,780</u>	<u>6,998,419</u>
<b>Depreciation</b>				
Charge for the period	105,679	1,601	958	108,238
At 31 August 2013	<u>105,679</u>	<u>1,601</u>	<u>958</u>	<u>108,238</u>
<b>Net book value</b>				
At 31 August 2013	<u><u>6,858,641</u></u>	<u><u>22,718</u></u>	<u><u>8,822</u></u>	<u><u>6,890,181</u></u>

Included in Long-term Leasehold Property is land of £2,094,000 which is not depreciated.

**17. STOCKS**

	2013 £
Finished goods and goods for resale	<u><u>8,318</u></u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013

18. DEBTORS

	2013 £
Trade debtors	6,923
Other debtors	14,801
Prepayments and accrued income	22,760
	<hr/>
	44,484
	<hr/> <hr/>

19. CREDITORS:  
Amounts falling due within one year

	2013 £
Bank overdrafts	177,842
Social security and other taxes	88,698
Other creditors	4,825
Accruals and deferred income	171,776
	<hr/>
	443,141
	<hr/> <hr/>

The deferred income relates to funding for 2013/14 which has been received in advance.

	£
<b>Deferred income</b>	
Resources deferred during the year	140,638
	<hr/> <hr/>

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

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	-	527,878	(254,477)	(12,451)	-	260,950
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	3,167,943	(3,091,125)	(34,099)	-	42,719
Other DfE/EFA Grants	-	32,591	(9,984)	-	-	22,607
Pupil premium	-	53,011	(30,628)	-	-	22,383
Nursery	-	60,033	(72,088)	12,055	-	-
Local Authority Grants	-	30,008	(9,848)	-	-	20,160
Leicester Secondary Heads	-	28,599	(28,995)	396	-	-
LSL Funds	-	279,219	(137,846)	-	-	141,373
Extended Services	-	29,336	(7,586)	-	-	21,750
Capital Funds	-	4,529	-	-	-	4,529
Parental Contributions	-	136,092	(114,456)	-	-	21,636
Pension reserve	-	(860,000)	(45,000)	-	6,000	(899,000)
	-	2,961,361	(3,547,556)	(21,648)	6,000	(601,843)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds - all funds	-	6,964,320	(108,238)	34,099	-	6,890,181
Total restricted funds	-	9,925,681	(3,655,794)	12,451	6,000	6,288,338
Total of funds	-	10,453,559	(3,910,271)	-	6,000	6,549,288

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

**General Annual Grant (GAG)**

Funds from the Education Funding Agency for the provision of education in line with the funding agreement. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**Other DfE/EFA Grants**

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

**Pupil premium**

Funds received for the purposes of providing additional support to pupils who receive free school meals.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**20. STATEMENT OF FUNDS (continued)**

**Nursery**

Funds received for the provision of a nursery facility in the community.

**LA Grants**

Funds received from the local authority for specific projects.

**Leicester Secondary Heads**

Funds received to support collaborative activities/meeting and sharing good practice.

**LSL Funds**

Funds received to support collaborative activities/meeting and sharing good practice.

**Extended Services**

Funding received for out of schools club, pre school, family of school activities and family of schools mini bus.

**Capital Funds**

Funds received from various bodies for the purposes of capital and repairs works.

**Parental Contributions**

Funds generated from parents of students for use towards specific educational expenditure, e.g. trips.

**Pension reserve**

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. This fund is in deficit given the nature of the liability, however this is not payable immediately.

**Transfer**

Relates to the transfer of the purchase of fixed assets from the relevant fund where the income is received to the fixed asset fund.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	527,878	(254,477)	(12,451)	-	260,950
Restricted funds	-	2,961,361	(3,547,556)	(21,648)	6,000	(601,843)
Restricted fixed asset funds	-	6,964,320	(108,238)	34,099	-	6,890,181
	-	10,453,559	(3,910,271)	-	6,000	6,549,288

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	6,890,181	-	6,890,181
Current assets	740,298	-	260,950	1,001,248
Creditors due within one year	(443,141)	-	-	(443,141)
Provisions for liabilities and charges	(899,000)	-	-	(899,000)
	<u>(601,843)</u>	<u>6,890,181</u>	<u>260,950</u>	<u>6,549,288</u>

**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	13 months ended 31 August 2013 £
Net incoming resources before revaluations	6,543,288
Returns on investments and servicing of finance	(8,227)
Exceptional items - transfer on conversion	(6,104,320)
Depreciation of tangible fixed assets	108,238
Increase in stocks	(8,318)
Increase in debtors	(44,484)
Increase in creditors	265,299
FRS 17 adjustments	45,000
<b>Net cash inflow from operations</b>	<u><u>796,476</u></u>

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	13 months ended 31 August 2013 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u><u>8,227</u></u>
	13 months ended 31 August 2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	<u><u>(34,099)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**24. ANALYSIS OF CHANGES IN NET DEBT**

	1 August 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	-	948,446	-	948,446
Bank overdraft	-	(177,842)	-	(177,842)
<b>Net funds</b>	<b>-</b>	<b>770,604</b>	<b>-</b>	<b>770,604</b>

**25. CONVERSION TO AN ACADEMY TRUST**

On 1 August 2012 Thomas Estley Community College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Thomas Estley Community College from Leicestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Restricted funds £	Restricted fixed asset funds £	Unrestrict ed funds £	Total funds £
Leasehold land and buildings	-	6,964,320	-	6,964,320
Budget surplus on LA funds	79,262	-	202,664	281,926
LGPS pension deficit	(860,000)	-	-	(860,000)
<b>Net assets/(liabilities)</b>	<b>(780,738)</b>	<b>6,964,320</b>	<b>202,664</b>	<b>6,386,246</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. 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 Hymans Robertson LLP. 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 the end of the financial period.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions 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 (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is 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 investigation, 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 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, 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. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

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NOTES TO THE FINANCIAL STATEMENTS  
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26. PENSION COMMITMENTS (continued)

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £146,000, of which employer's contributions totalled £112,000. The agreed contribution rates for future years are 21.2% for employers and 5.5 - 10.5% for employees.

As described in note 25 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the balance sheet are as follows:

	13 months ended 31 August 2013 £
Present value of funded obligations	(1,692,000)
Fair value of scheme assets	793,000
	<hr/>
Net liability	(899,000)
	<hr/> <hr/>

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

The amounts recognised in the statement of financial activities are as follows:

	13 months ended 31 August 2013 £
Current service cost	(122,000)
Interest on obligation	(67,000)
Expected return on scheme assets	32,000
	(157,000)
Total	(157,000)
Actual return on scheme assets	80,000

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

	13 months ended 31 August 2013 £
Opening defined benefit obligation	1,429,000
Current service cost	122,000
Interest cost	67,000
Contributions by scheme participants	34,000
Actuarial Losses	40,000
	1,692,000
Closing defined benefit obligation	1,692,000

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

	13 months ended 31 August 2013 £
Opening fair value of scheme assets	569,000
Expected return on assets	32,000
Actuarial gains and (losses)	46,000
Contributions by employer	112,000
Contributions by employees	34,000
	793,000
	793,000

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £6,000.

The Academy expects to contribute £114,000 to its defined benefit pension scheme in 2014.

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**26. PENSION COMMITMENTS (continued)**

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

	<b>2013</b>
Equities	64.00 %
Bonds	26.00 %
Property	9.00 %
Cash	1.00 %

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

	<b>2013</b>
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	5.70 %
Rate of increase in salaries	5.10 %
Rate of increase for pensions in payment / inflation	2.80 %
Inflation assumption (CPI)	3.70 %

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

	<b>2013</b>
Retiring today	
Males	20.9 years
Females	23.3 years
Retiring in 20 years	
Males	23.3 years
Females	25.6 years

Amounts for the current period are as follows:

Defined benefit pension schemes

	<b>2013</b>
	<b>£</b>
Defined benefit obligation	(1,692,000)
Scheme assets	793,000
Deficit	(899,000)
Experience adjustments on scheme liabilities	(40,000)
Experience adjustments on scheme assets	46,000

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27. OPERATING LEASE COMMITMENTS

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

	2013 £
<b>Expiry date:</b>	
Within 1 year	256
Between 2 and 5 years	8,533
	<u>          </u> <u>          </u>