

Registered number: 08135389

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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 YEAR ENDED 31 AUGUST 2014**

Members	B Perrett S Glover P Wiles
Governors	B Perrett, Chair N Robinson, Staff Governor T Scott, Staff Governor S Jenkins A Gaskin (resigned 5 February 2014) A Wilford (resigned 7 October 2013) G White S Glover T Kenyon L Swift (resigned 20 November 2013) S Page S Jordan T Moralee, Head Teacher P Wiles, Responsible Officer F Rigby (appointed 19 December 2013, deceased 23 April 2014) S Boyles (appointed 6 February 2014) C Boat, Staff Governor (appointed 6 February 2014)
Company registered number	08135389
Principal and registered office	Thomas Estley Community College Station Road Broughton Astley Leicester Leicestershire LE9 6PT
Company secretary	A M Willett
Senior leadership team	T Moralee, Principal C Freeman, Vice Principal A Collins, Vice Principal M Young, Assistant Principal A M Willett, College Manager
Independent auditor	BDO LLP Pannell House 159 Charles Street Leicester LE1 1LD
Bankers	NatWest Bank 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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Administrative details (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 YEAR ENDED 31 AUGUST 2014

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 year ended 31 August 2014. 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.

The trust operates an academy for pupils aged 11 to 14 serving a catchment area drawn principally from the villages of Broughton Astley, Cosby and Whetstone. It has a pupil capacity of 760 and had a roll of 742 in the school census on 3 October 2013.

The College runs a pre school and out of school club as well as numerous community groups and is a designated Teaching School. It is part of the South Leicestershire Learning Partnership Umbrella Trust.

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. 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.

c. 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 the 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

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

- (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.

d. 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, preparation for performance related pay. Focus for 2013/14 included Senior HMI as inspector and governors training on 17 May 2014 re strategic role. Chair completed a National College Leadership Programme.

e. 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 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.

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

f. 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 a 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.

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.

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 12 months covering 1 September 2013 – 31 August 2014 was £1,243.

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

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 2014 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)
FOR THE YEAR ENDED 31 AUGUST 2014

Strategic report

Achievements and performance

a. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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 83% of our students in 2014 made two levels of progress over their three years here, and the last four years have seen a continued upwards trend in English, where in 2014 81% 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 12% 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 groups also above very high Leicestershire KS3 levels. This includes significant ethnic, SEN, gender, pupil premium 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 5% above national averages at 5A* C including English and Maths and make well above national progress in English. At A level, they achieve 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 2013 averages in all subjects at 5+, 6+ and 7+.

Core subjects in 2014	5+% 2014 TECC above 2013 national	6+% 2014 TECC above 2013 national	7+% 2014 TECC above 2013 national
English	13	39	25
Maths	12	20	25
Science	13	30	12

The average Point Score in 2014 (40.5) was again well above national, and above Leicestershire averages (which are much higher than national averages at Key Stage Three). It is also following an upwards trend.

Core APS in 2013	Above Leics in 2012 by	Above Leics in 2013 by	Above Leics in 2014 by
Overall	0.4	1.2	1.4

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FOR THE YEAR ENDED 31 AUGUST 2014

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.

Indicator	Thomas Estley 2014 performance	FFTA estimate (all schools)	FFTB estimate (similar schools)	FFTD estimate (top 25% of schools)	Above FFT estimate by
English 5+	99%	92%	93%	96%	3% above D
English 6+	86%	62%	64%	74%	12% above D
English 2LP	81%	45%	47%	61%	20% above D
Maths 5+	96%	91%	92%	94%	2% above D
Maths 6+	79%	70%	74%	80%	5% above B 1% below D
Maths 2LP	83%	66%	72%	80%	3% above D
Science 5+	98%	92%	93%	97%	1% above D
Science 6+	81%	63%	68%	78%	3% above D
Overall APS	40.5	37.7	38.2	39.2	1.3 above D

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 special bearings 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 special bearings 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 Academy has risk management procedures and 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.

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 employer contributions over a number of years. The recognition of this deficit has no direct impact on the free reserves of the Academy.

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

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 allowing us 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.

d. Financial position

Principal sources of funding for the Academy include

- The EFA for General annual grant (GAG), Education Service Grant (ESG) and Pupil premium funding.
- Leicestershire County Council is funding for SEN High Needs top up and Nursery Education Funding.
- The National College for Teaching School and National Leader for Education (NLE) funding.
- Parental contributions (Trips and educational resources)

Expenditure has supported the key objectives of the academy through targeted resources/CPD linked to College Improvement Plan priorities including to develop practices to ensure consistent, outstanding written feedback; develop extended pupil voice activities; achieve 100% good or better lessons; develop 5-19 curriculum routes; KS3-4 Maths projects to address underachievement at KS4; deliver high quality ITT and School Experience provision; improved attainment through improved data tracking and academic mentoring; ensure vulnerable groups make progress in line with other pupils.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £326,000. This is earmarked to support design plans for site development in line with our accommodation master plan and our plans for future periods, see below.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £1,350,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased

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

Plans for the future

a. Future developments

Trustees are proposing that Thomas Estley Community College becomes an 11-16 college in Autumn 2016. This would mean adding a year ten cohort in August 2016 who would move into year eleven in Autumn 2017, finishing their Key Stage Four studies and gaining their GCSE qualifications in Summer 2018. To this end, the Trustees have tasked the leadership team to undertake a consultation with stakeholders which will run during September 2014.

In addition to above, the college remains committed to our core purpose and values and to this end, plans also include:

- 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.

Funds held as custodian

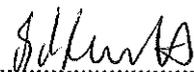
The academy is not acting as custodian trustee for another charity. Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Disclosure 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, incorporating the strategic report, was approved by order of the board of trustees, in their capacity as company directors, on 16 December 2014 and signed on its behalf by:



.....
Bruce Perrett
Chair of Governors

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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 board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Thomas Estley Community College and the Secretary of State for Education. He is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the governors' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
B Perrett, Chair	4	4
T Moralee, Head Teacher	4	4
N Robinson, Staff Governor	4	4
T Scott, Staff Governor	4	4
S Jenkins	4	4
A Gaskin	1	1
A Wilford	0	0
G White	4	4
S Glover	2	4
T Kenyon	2	4
L Swift	0	0
S Page	2	4
S Jordan	4	4
P Wiles, Responsible Officer	3	4
F Rigby	1	1
S Boyles	2	2
C Boat, Staff Governor	2	2

The Governing Body at Thomas Estley Community College has undergone a number of Trustee changes in the period covered by this report. There have 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.

Governance reviews

During the Spring Term, the Strategy Committee undertook an internal review of governance against current inspection criteria. As a result the Governors are seeking to increase engagement with stakeholders – parents (started Summer 2014) and staff voice planned Autumn 2014. In addition they are seeking to refine impact and attainment monitoring of pupil premium. The next internal review is planned for Spring/Summer 2015.

The Governing body undertakes the majority of its 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:

Trustee	Meetings attended	Out of a possible
T Moralee, Head Teacher	6	6
B Perrett, Chair	6	6
G White	6	6
P Wiles, Responsible Officer	5	6
S Glover	5	6
S Jenkins	5	6

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	2	3
A Wilford	1	1
N Robinson, Staff Governor	1	1
B Perrett	5	6
G White	6	6
N Hopkins	0	1
F Rigby	1	2
S Boyles	1	2
T Scott, Staff Governor	5	6

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GOVERNANCE STATEMENT (continued)

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:

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
C Boat	3	3
P Wiles, Responsible Officer	5	6
S Jenkins	5	6
S Jordan	5	6
G White	1	1
L Swift	1	1
S Glover	5	6
S Page	6	6
T Kenyon	5	6
B Perrett, Chair	6	6
N Robinson, Staff Governor	2	6
T Scott, Staff Governor	1	2
T Moralee, Head Teacher	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 year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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 (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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GOVERNANCE STATEMENT (continued)

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council's Internal Audit Service as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the period 1 September 2013 to 31 August 2014, the Trustee RO undertook one check during the Spring term. The Internal Audit Service undertook their audit during the Summer Term. No material control issues were arising as a result of the checks.

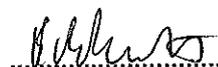
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external 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 board of trustees on 16 December 2014 and signed on their behalf, by:



Bruce Perrett
Chair of Governors



Tim Moralee
Accounting Officer

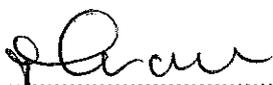
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



.....
Tim Moralee
Accounting Officer

16 December 2014

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 to 2014. 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: 16 December 2014

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

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

We have audited the financial statements of Thomas Estley Community College ("the Academy") for the year ended 31 August 2014 which comprise the statement of financial activities, incorporating the income and expenditure account and statement of total recognised gains and losses, the balance sheet, the cashflow 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 to 2014 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 to 2014. 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 Governors 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 Financial Reporting Council'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.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the strategic report, for the financial year 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 AND TRUSTEES 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

23 December 2014

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

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

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 24 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Thomas Estley Community College during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Thomas Estley Community College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Thomas Estley Community College 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 Thomas Estley Community College 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 Thomas Estley Community College's funding agreement with the Secretary of State for Education dated 1 August 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by 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.

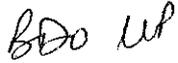
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

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. Our work is performed in accordance with Part 10 of the Academies Accounts Direction 2013 to 2014.

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



BDO LLP
Reporting Accountant
Leicester
United Kingdom

23 December 2014

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

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 YEAR ENDED 31 AUGUST 2014

	Note	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Unrestricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer on conversion	2	-	-	-	-	6,386,246
Other voluntary income	2	142,139	-	-	142,139	136,092
Activities for generating funds	3	-	-	322,392	322,392	316,987
Investment income	4	-	-	5,980	5,980	8,227
Incoming resources from charitable activities	5	3,485,193	-	-	3,485,193	3,606,007
TOTAL INCOMING RESOURCES		3,627,332	-	328,372	3,955,704	10,453,559
RESOURCES EXPENDED						
Costs of generating funds:						
Cost of activities for gen. funds	3	-	-	263,800	263,800	254,477
Charitable activities	6	3,438,413	111,718	-	3,550,131	3,594,385
Governance costs	9	30,528	-	-	30,528	61,409
TOTAL RESOURCES EXPENDED	10	3,468,941	111,718	263,800	3,844,459	3,910,271
NET INCOME BEFORE TRANSFERS		158,391	(111,718)	64,572	111,245	6,543,288
Transfers between Funds	21	(101,081)	101,081	-	-	-
NET INCOME FOR THE YEAR		57,310	(10,637)	64,572	111,245	6,543,288
Actuarial gains and losses on defined benefit pension schemes		(398,000)	-	-	(398,000)	6,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(340,690)	(10,637)	64,572	(286,755)	6,549,288
Total funds at 1 September 2013		(601,843)	6,890,181	260,950	6,549,288	-
TOTAL FUNDS AT 31 AUGUST 2014		(942,533)	6,879,544	325,522	6,262,533	6,549,288

All of the Academy's activities derive from continuing operations during the above two financial periods.

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

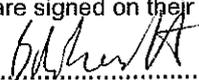
The notes on pages 24 to 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	15		6,879,544	6,890,181
CURRENT ASSETS				
Stocks	16	8,307		8,318
Debtors	17	98,011		44,484
Cash at bank		970,293		948,446
		<u>1,076,611</u>		<u>1,001,248</u>
CREDITORS: amounts falling due within one year	18	(328,247)		(443,141)
NET CURRENT ASSETS			<u>748,364</u>	<u>558,107</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,627,908</u>	<u>7,448,288</u>
CREDITORS: amounts falling due after more than one year	19		(15,375)	-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>7,612,533</u>	<u>7,448,288</u>
Defined benefit pension scheme liability	25		(1,350,000)	(899,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>6,262,533</u>	<u>6,549,288</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	20	407,467		297,157
Restricted fixed asset funds	20	6,879,544		6,890,181
Restricted funds excluding pension liability		<u>7,287,011</u>		<u>7,187,338</u>
Pension reserve		(1,350,000)		(899,000)
Total restricted funds			<u>5,937,011</u>	<u>6,288,338</u>
Unrestricted funds	20		<u>325,522</u>	<u>260,950</u>
TOTAL FUNDS			<u>6,262,533</u>	<u>6,549,288</u>

The financial statements were approved by the Governors, and authorised for issue, on 16 December 2014 and are signed on their behalf, by:


.....

B Perrett
Chair of Governors


.....

T Moralee
Governor

The notes on pages 24 to 42 form part of these financial statements.

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Net cash flow from operating activities	23	281,670	796,476
Returns on investments and servicing of finance	24	5,980	8,227
Capital expenditure and financial investment	24	(101,081)	(34,099)
INCREASE IN CASH IN THE YEAR		<u>186,569</u>	<u>770,604</u>

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

		Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Increase in cash in the year		<u>186,569</u>	<u>770,604</u>
MOVEMENT IN NET FUNDS IN THE YEAR		<u>186,569</u>	<u>770,604</u>
Net funds at 1 September 2013		<u>770,604</u>	-
NET FUNDS AT 31 AUGUST 2014		<u>957,173</u>	<u>770,604</u>

The notes on pages 24 to 43 form part of these financial statements.

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Fund accounting

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

1.3 Incoming resources

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

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

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

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 YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 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.

1.5 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.

1.6 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 YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Taxation

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

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 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 YEAR ENDED 31 AUGUST 2014**

2. VOLUNTARY INCOME

	Restricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Transfer on conversion	-	-	6,386,246
Parental contributions	142,139	142,139	136,092
Voluntary income	<u>142,139</u>	<u>142,139</u>	<u>6,522,338</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Charity trading income			
Nursery and extended services	71,489	71,489	62,979
Catering	140,740	140,740	140,374
Lettings	16,346	16,346	19,707
Other trading income	93,817	93,817	93,927
	<u>322,392</u>	<u>322,392</u>	<u>316,987</u>
Charity trading expenses			
Nursery and extended services	58,442	58,442	44,911
Catering	140,902	140,902	143,554
Lettings	846	846	18,494
Other trading expenditure	63,610	63,610	47,518
	<u>263,800</u>	<u>263,800</u>	<u>254,477</u>
Net surplus from activities for generating funds	<u>58,592</u>	<u>58,592</u>	<u>62,510</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Bank interest	5,980	5,980	8,227

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
DfE/EFA grants			
General Annual Grant (GAG)	2,893,913	2,893,913	3,167,943
Other DfE/EFA Grants	92,842	92,842	32,591
Pupil premium	86,225	86,225	53,011
Nursery	65,760	65,760	60,033
	<u>3,138,740</u>	<u>3,138,740</u>	<u>3,313,578</u>
Other government grants			
Local Authority Grants	6,518	6,518	5,976
SEN Grants	65,150	65,150	-
	<u>71,668</u>	<u>71,668</u>	<u>5,976</u>
Other funding			
Teaching School Income	111,655	111,655	15,847
National Leader of Education Income	26,000	26,000	-
Leicestershire Secondary Heads Income	-	-	15,300
LSL Funds	128,220	128,220	244,124
External services	8,910	8,910	11,182
	<u>274,785</u>	<u>274,785</u>	<u>286,453</u>
	<u><u>3,485,193</u></u>	<u><u>3,485,193</u></u>	<u><u>3,606,007</u></u>

6. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Charitable activities - Funding for academy's educational operations	<u>2,741,127</u>	<u>809,004</u>	<u>3,550,131</u>	<u>3,594,385</u>

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

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

7. DIRECT COSTS

	Funding for academy's educational operations £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Pension finance costs (note 15)	32,000	32,000	35,000
Depreciation	111,718	111,718	108,238
Technology	59,811	59,811	65,633
Educational supplies	88,450	88,450	60,623
Staff development	23,041	23,041	16,730
Educational consultancy	132,940	132,940	138,288
Other direct costs	145,329	145,329	127,029
Wages and salaries	1,749,292	1,749,292	1,857,780
National insurance	134,424	134,424	142,980
Pension cost	264,122	264,122	266,305
	<u>2,741,127</u>	<u>2,741,127</u>	<u>2,818,606</u>

8. SUPPORT COSTS

	Funding for academy's educational operations £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Recruitment and support	30,780	30,780	23,559
Maintenance of premises and equipment	55,111	55,111	32,592
Cleaning	4,903	4,903	4,663
Rent and rates	26,914	26,914	14,025
Energy costs	44,514	44,514	46,549
Insurance	50,797	50,797	58,892
Security and transport	18,424	18,424	20,093
Catering	18,993	18,993	12,408
Bank interest and charges	4,405	4,405	2,851
Other support costs	28,019	28,019	26,353
Wages and salaries	432,469	432,469	441,066
National insurance	20,353	20,353	21,129
Pension cost	73,322	73,322	71,599
	<u>809,004</u>	<u>809,004</u>	<u>775,779</u>

THOMAS ESTLEY COMMUNITY COLLEGE
(A company limited by guarantee)

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

9. GOVERNANCE COSTS

	Restricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Auditor's remuneration	8,140	8,140	7,100
Legal and professional fees	22,388	22,388	54,309
	30,528	30,528	61,409
	30,528	30,528	61,409

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2014 £	Premises 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Activities for generating funds	128,015	-	135,785	263,800	254,477
Costs of generating funds	128,015	-	135,785	263,800	254,477
Charitable activities:					
Direct costs	2,147,838	111,718	481,571	2,741,127	2,818,606
Support costs	526,144	55,111	227,749	809,004	775,779
Subtotal charitable activities	2,673,982	166,829	709,320	3,550,131	3,594,385
Governance (note 7)	-	-	30,528	30,528	61,409
	2,801,997	166,829	875,633	3,844,459	3,910,271

11. NET INCOME

This is stated after charging:

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Depreciation of tangible fixed assets: - owned by the charity	111,718	108,238
Auditor's remuneration	8,140	7,100
	119,858	115,338

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

12. STAFF COSTS

Staff costs were as follows:

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Wages and salaries	2,293,726	2,410,220
Social security costs	156,864	167,197
Other pension costs (Note 26)	351,407	351,706
	<u>2,801,997</u>	<u>2,929,123</u>

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

	Year ended 31 August 2014 No.	13 months ended 31 August 2013 No.
Management	5	3
Teachers	34	35
Administration and support	36	37
	<u>75</u>	<u>75</u>

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

	Year ended 31 August 2014 No.	13 months ended 31 August 2013 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	0
In the band £120,001 - £130,000	0	1
	<u>3</u>	<u>3</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £33,174 (period ended 31 August 2013 - £35,132).

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

13. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 6 Governors (2013 - 6) in respect of defined benefit pension schemes.

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors.

During the year, expenses totalling £4,082 (2013 - £Nil) were reimbursed to 2 Governors (2013 - Nil).

14. 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 year ended 31 August 2014 was £1,243 (2013 - £1,750).

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

15. PENSION FINANCE COSTS

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Expected return on pension scheme assets	49,000	32,000
Interest on pension scheme liabilities	(81,000)	(67,000)
	(32,000)	(35,000)

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16. TANGIBLE FIXED ASSETS

	Long-term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2013	6,964,320	24,319	9,780	6,998,419
Additions	-	84,457	16,624	101,081
At 31 August 2014	<u>6,964,320</u>	<u>108,776</u>	<u>26,404</u>	<u>7,099,500</u>
Depreciation				
At 1 September 2013	105,679	1,601	958	108,238
Charge for the year	97,406	7,450	6,862	111,718
At 31 August 2014	<u>203,085</u>	<u>9,051</u>	<u>7,820</u>	<u>219,956</u>
Net book value				
At 31 August 2014	<u>6,761,235</u>	<u>99,725</u>	<u>18,584</u>	<u>6,879,544</u>
At 31 August 2013	<u>6,858,641</u>	<u>22,718</u>	<u>8,822</u>	<u>6,890,181</u>

Included in Long-term Leasehold Property is land of £2,094,000 (2013 - £2,094,000) which is not depreciated.

17. STOCKS

	2014 £	2013 £
Finished goods and goods for resale	<u>8,307</u>	<u>8,318</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. DEBTORS

	2014 £	2013 £
Trade debtors	4,441	6,923
Other debtors	20,268	14,801
Prepayments and accrued income	73,302	22,760
	98,011	44,484
	98,011	44,484

**19. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Bank overdrafts	13,120	177,842
Trade creditors	22	-
Other taxation and social security	92,055	88,698
Other creditors	21,030	4,825
Accruals and deferred income	202,020	171,776
	328,247	443,141
	328,247	443,141

The deferred income relates to funding for 2014/15 which has been received in advance.

Deferred income

Deferred income at 1 September 2013	140,638
Resources deferred during the year	125,040
Amounts released from previous years	(140,638)
	125,040
Deferred income at 31 August 2014	125,040

**20. CREDITORS:
Amounts falling due after more than one year**

	2014 £	2013 £
Other creditors	15,375	-
	15,375	-

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	260,950	328,372	(263,800)	-	-	325,522
Restricted funds						
General Annual Grant (GAG)	42,719	2,893,913	(2,749,907)	(16,306)	-	170,419
Other DfE/EFA Grants	22,607	92,842	(28,461)	(84,775)	-	2,213
Pupil premium	22,383	86,225	(76,521)	14,160	-	46,247
Nursery	-	65,760	(65,760)	-	-	-
Local Authority Grants	20,160	6,518	(4,091)	(20,160)	-	2,427
LSL Funds	141,373	128,220	(140,505)	-	-	129,088
Extended Services	21,750	8,910	(10,738)	-	-	19,922
Capital Funds	4,529	-	(4,529)	-	-	-
Parental Contributions	21,636	142,139	(155,791)	-	-	7,984
SEN Grants	-	65,150	(65,150)	-	-	-
Teaching School Fund	-	111,655	(89,917)	-	-	21,738
NLE Fund	-	26,000	(24,571)	6,000	-	7,429
Pension reserve	(899,000)	-	(53,000)	-	(398,000)	(1,350,000)
	<u>(601,843)</u>	<u>3,627,332</u>	<u>(3,468,941)</u>	<u>(101,081)</u>	<u>(398,000)</u>	<u>(942,533)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	6,890,181	-	(111,718)	101,081	-	6,879,544
Total restricted funds	<u>6,288,338</u>	<u>3,627,332</u>	<u>(3,580,659)</u>	<u>-</u>	<u>(398,000)</u>	<u>5,937,011</u>
Total of funds	<u><u>6,549,288</u></u>	<u><u>3,955,704</u></u>	<u><u>(3,844,459)</u></u>	<u><u>-</u></u>	<u><u>(398,000)</u></u>	<u><u>6,262,533</u></u>

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.

Other DfE/EFA Grants

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

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

21. STATEMENT OF FUNDS (continued)

Pupil premium

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

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.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	260,950	328,372	(263,800)	-	-	325,522
Restricted funds	(601,843)	3,627,332	(3,468,941)	(101,081)	(398,000)	(942,533)
Restricted fixed asset funds	6,890,181	-	(111,718)	101,081	-	6,879,544
	<u>6,549,288</u>	<u>3,955,704</u>	<u>(3,844,459)</u>	<u>-</u>	<u>(398,000)</u>	<u>6,262,533</u>

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

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Unrestricted funds 2014 £	Year to 31 August 2014 £	13 months ended 31 August 2013 £
Tangible fixed assets	-	6,879,544	-	6,879,544	6,890,181
Current assets	751,089	-	325,522	1,076,611	1,001,248
Creditors due within one year	(328,247)	-	-	(328,247)	(443,141)
Creditors due in more than one year	(15,375)	-	-	(15,375)	-
Provisions for liabilities and charges	(1,350,000)	-	-	(1,350,000)	(899,000)
	<u>(942,533)</u>	<u>6,879,544</u>	<u>325,522</u>	<u>6,262,533</u>	<u>6,549,288</u>

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Net incoming resources before revaluations	111,245	6,543,288
Returns on investments and servicing of finance	(5,980)	(8,227)
Exceptional items - transfer on conversion	-	(6,104,320)
Depreciation of tangible fixed assets	111,718	108,238
Decrease/(increase) in stocks	11	(8,318)
Increase in debtors	(53,527)	(44,484)
Increase in creditors	65,203	265,299
FRS 17 adjustments	53,000	45,000
Net cash inflow from operations	<u><u>281,670</u></u>	<u><u>796,476</u></u>

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

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Returns on investments and servicing of finance		
Interest received	<u><u>5,980</u></u>	<u><u>8,227</u></u>

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

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(101,081)</u>	<u>(34,099)</u>

25. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	948,446	21,847	-	970,293
Bank overdraft	(177,842)	164,722	-	(13,120)
Net funds	<u>770,604</u>	<u>186,569</u>	<u>-</u>	<u>957,173</u>

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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £44,126 were payable to the scheme at 31 August 2014 (2013 - £41,202) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). 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

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26. PENSION COMMITMENTS (continued)

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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

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26. PENSION COMMITMENTS (continued)

multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £146,000, of which employer's contributions totalled £118,000 and employees' contributions totalled £35,000. The agreed contribution rates for future years are 21.2% for employers and 5.5 - 10.5% for employees.

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

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.30	571,000	6.60	508,000
Bonds	3.30	138,000	3.80	206,000
Property	4.50	81,000	4.70	71,000
Cash	3.30	24,000	3.60	8,000
Total market value of assets		814,000		793,000
Present value of scheme liabilities		(2,164,000)		(1,692,000)
Deficit in the scheme		(1,350,000)		(899,000)

The amounts recognised in the balance sheet are as follows:

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Present value of funded obligations	(2,164,000)	(1,692,000)
Fair value of scheme assets	814,000	793,000
Net liability	(1,350,000)	(899,000)

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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:

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Current service cost	(139,000)	(122,000)
Interest on obligation	(81,000)	(67,000)
Expected return on scheme assets	49,000	32,000
	<hr/>	<hr/>
Total	(171,000)	(157,000)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	104,000	80,000
	<hr/> <hr/>	<hr/> <hr/>

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

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Opening defined benefit obligation	1,692,000	1,429,000
Current service cost	139,000	122,000
Interest cost	81,000	67,000
Contributions by scheme participants	35,000	34,000
Actuarial Losses	228,000	40,000
Benefits paid	(11,000)	-
	<hr/>	<hr/>
Closing defined benefit obligation	2,164,000	1,692,000
	<hr/> <hr/>	<hr/> <hr/>

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

	Year ended 31 August 2014 £	13 months ended 31 August 2013 £
Opening fair value of scheme assets	793,000	569,000
Expected return on assets	49,000	32,000
Actuarial gains and (losses)	(170,000)	46,000
Contributions by employer	118,000	112,000
Contributions by employees	35,000	34,000
Benefits paid	(11,000)	-
	<hr/>	<hr/>
	814,000	793,000
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £392,000 (2013 - £6,000).

The Academy expects to contribute £134,000 to its defined benefit pension scheme in 2015.

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

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

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

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

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

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

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

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(2,164,000)	(1,692,000)
Scheme assets	814,000	793,000
Deficit	(1,350,000)	(899,000)
Experience adjustments on scheme liabilities	(228,000)	(40,000)
Experience adjustments on scheme assets	(170,000)	46,000

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27. OPERATING LEASE COMMITMENTS

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

	2014 £	2013 £
Expiry date:		
Within 1 year	3,588	256
Between 2 and 5 years	11,862	8,533
	<u>15,450</u>	<u>8,789</u>

28. RELATED PARTY TRANSACTIONS

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

29. 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.