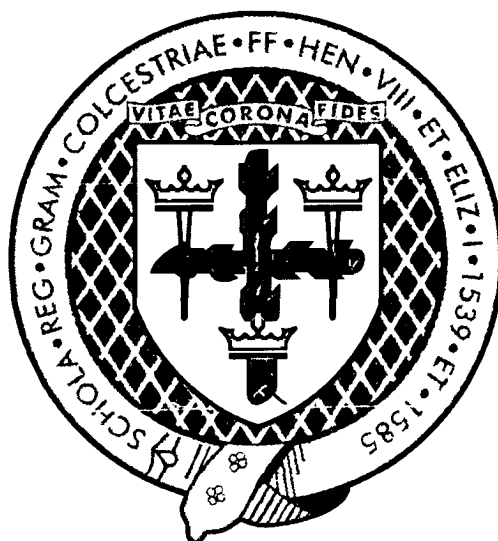


COLCHESTER ROYAL GRAMMAR SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022



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COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

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COLCHESTER ROYAL GRAMMAR SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dr J G Tillet MBE (resigned 10 February 2022)
Mr J C Johnston
Mrs J Owens
Mr P M Roberts (resigned 30 September 2021)
Mrs G A Barritt
Mrs J Perry
Mr R A Crayston
Mr P Hoddell (appointed 1 September 2021)

Trustees

Mr J Russell, Headmaster & Accounting Officer
Mr P M Roberts (resigned 30 September 2021)
Mr R A Crayston
Mr G Constantinides (retired 25 November 2021)
Mrs E Anning (resigned 7 November 2022)
Mrs K Vargas
Mr J Carter (resigned 20 September 2022)
Mr T de Souza-Ingle
Mr P Hoddell
Mrs G A Barritt, Vice Chair (to 7 November 2022)
Mr I Turner, Vice Chair (from 8 November 2022)
Mrs J Owens
Mr J C Johnston
Mrs J Perry, Chair
Dr J G Tillet MBE (resigned 10 February 2022)
Mrs H J Drake (resigned 12 July 2022)¹
Mrs K Finbow (resigned 4 April 2022)
Mr D Farruggio

¹ Staff Trustee

Company registered number 7769103

Company name Colchester Royal Grammar School

Principal and registered office 6 Lexden Road
Colchester
Essex
CO3 3ND

Company secretary A Jennings

Clerk to the Trustees J Tompkins

<p>COLCHESTER ROYAL GRAMMAR SCHOOL (A company limited by guarantee)</p>

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

**Senior management
team**

J Russell, Headmaster
D Chart-Boyles, Deputy Headteacher
A Livingston, Assistant Headteacher
R Adams, Assistant Headteacher (to 31/01/2022)
A Jennings, Business Manager
K Curtis, Deputy Headteacher (ex 01/09/2022)

Independent auditors

Griffin Chapman
Chartered Accountants
Statutory Auditors
4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

Bankers

Lloyds Bank
27 High Street
Colchester
Essex
CO1 1DU

Virgin Money
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Solicitors

Veale Wasborough Vizards
Orchard Court
Orchard Lane
Bristol
Essex
BS1 5WS

Birkett Long
1 Amphora Place
Colchester
Essex
CO3 3WG

COLCHESTER ROYAL GRAMMAR SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

Principal Activities

The Academy Trust's objects 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 Colchester 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.

With regard to its objects, Colchester Royal Grammar School provides a broad and balanced curriculum for the benefit of the public and offers, as a selective school, an appropriate education for academically able students between the ages of 11 and 18. The education provided is within an ethos broadly based on Christian values. Most of the Academy's students live within a one-hour radius of the school, and the Academy principally serves the inhabitants of Colchester, Essex and South Suffolk. The Academy educates boys throughout the 11-18 age range and admits girls into the Sixth Form. Colchester Royal Grammar School is a state boarding school and has a small boarding section for sixth form students.

Entry to this selective grammar school at all levels is based on academic ability. The Academy cares for its students and about their progress and development, and it provides a strong pastoral structure as well as a varied extracurricular programme alongside its academic curriculum. The Academy actively promotes traditional values such as respect, consideration for others and courtesy, and expects high standards of behaviour and appearance from all at the school. The Academy's principal priority is the academic achievement of its students and to prepare students for life in modern Britain. The Academy has specialist status for Science (including Mathematics) and Languages and, as an Academy, it actively supports the wider community, and in particular it supports the work of a cluster of local primary schools. The Academy, conscious of its wider community responsibilities, plays a significant role in community cohesion.

It had a roll of 1001 as at the Spring 2022 school census.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Colchester Royal Grammar School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Colchester Royal Grammar School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Trustees' Indemnities

In accordance with normal practice the Academy Trust has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions, whilst on school business. The cover under the policy is £5 million. In the period under review no claims were made against the insurance.

Method of Recruitment and Appointment or Election of Trustees

The Constitution of the Governing Body:

Category of Trustee	Maximum number appointed	Method of appointment
Foundation	5	Elected by members
Parent	7	Elected by parents of students
Teaching Staff	2	Elected by teaching staff
Support Staff	1	Elected by support staff
LEA	1	Appointed by LA
Co-opted	3	Appointed by Governing Body
Headmaster	1	Ex officio

The above table shows who or what body appoints members of the Governing Body. Any vacancy for a Foundation Trustee is filled by the Company's Members. Vacancies for parent Trustees are published by email to all parents and nominations are invited. A ballot is conducted if there is more than one nomination for a single vacancy. A similar procedure is employed to fill teaching and support staff vacancies, and the relevant personnel are informed in each case. A ballot is held if there is more than one nomination for a vacancy. The LA may appoint a Trustee. Co-opted Trustees are appointed by the governing body, as and when their expertise or experience is deemed desirable and beneficial to the Academy.

The Trustees are currently proposing to adopt the most up to date model of Articles of Association as agreed by the DfE. This will change the composition of the Governing Body. In view of this, a decision was taken by the trustees not to reappoint vacancies that have arisen during the period being reported.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees have an induction meeting with the Chair of Trustees and the Headmaster. Trustees are provided with copies of the policies, procedures and documentation required to undertake their role as Trustees. All Trustees are expected to serve on a Trustees' Committee, and the Chair of Trustees consults them on their deployment. New Trustees are offered the support of a more experienced Trustee as a mentor. A nominated Trustee coordinates Trustee training, and the Academy subscribes to the LA's governor training programme and supports Trustees who attend training sessions. Details of available and recommended training courses are discussed with new Trustees. The Academy itself organises Trustee information sessions and an annual Trustee training day.

Trustees are subject to retirement after a term of four years and are eligible for re-election. The posts of Chair and Vice-Chair of Trustees run for a period of two years. Elections for these positions are normally held at the first autumn meeting of the year - at two year intervals. Post-holders can be re-elected.

Organisational Structure

The Trustees are responsible for the governance, strategic direction and financial health and probity of the Academy and for ensuring that all statutory duties are fulfilled. The Trustees are responsible for the appointment of the Headmaster and, in conjunction with the Headmaster, the appointment of Deputy Headteachers. All other staff appointments are delegated to the Headmaster, although there will be Trustee consultation and involvement in the appointment of other senior staff such as the Assistant Head(s), the Business Manager or any other role as considered appropriate.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

The Headmaster (the Accounting Officer) is responsible for the leadership, management and operation of the Academy and is accountable to the Trustees for all aspects of his work, including the development of the Academy, the performance of the staff and the achievement and behaviour of the students. He is supported by a Leadership Team which includes a Deputy Head (increasing to two Deputy Heads from 1 September 2022), an Assistant Head and the Business Manager. These senior members of staff are all directly accountable to the Headmaster for their specific areas of responsibility and for the line management of the staff under them. They also serve as officers to the relevant Trustees' Committee(s) and provide updates, raise issues for discussion, respond to questions and make recommendations on their areas. Any recommendations made to the Trustees will have the prior approval of the Headmaster and, where the Headmaster deems it appropriate, will have been discussed by the Leadership Team.

Committees of the Governing Body have delegated responsibilities for Personnel, Curriculum, Finance, Premises and Salaries. Salary Appeals, Admissions and Chairs Monitoring are ad-hoc Trustee committees formed to respond to specific concerns, needs or requests. General matters relating to student welfare and discipline as well as to student admissions come under the auspices of the Personnel Committee. There are link Trustees who monitor and report on specific aspects of the Academy's provision such as SEN, Pupil Premium, Safeguarding, GDPR and Boarding. There are also strategic groups with senior management and Trustee representation which consider and report on the key areas such as our School Improvement Plan, Statement of Action and Support Plan, Health and Safety, Risk, Boarding and Development. The Board of Trustees retains ultimate responsibility for decisions relating to Academy policy and the future direction and status of the organisation. The Headmaster has overall executive responsibility for the Academy's activities, including the finances, and fulfils the role of the Accounting Officer.

The structure of governance meetings will change to a monthly full Board meeting from September 2022. The Academy has strategically reviewed its governance reporting to ensure a smooth transition to this new structure.

Arrangements for setting pay and remuneration of key management personnel

CRGS' policy is to ensure that pay enables the current and future delivery of the curriculum and school improvement plans. CRGS has a salary committee which has delegated powers from the Board of Trustees to make decisions on pay within the scales which have been approved by the Board of Trustees.

Key teaching management personnel are paid in accordance with Teachers Pay & Conditions - including the recommended Group for the Headteacher and Individual Salary Range - The Burgundy Book and in accordance with the school Pay Policy. Key support management personnel are paid in accordance with Local Government Pay, The Green Book and in accordance with the school Pay Policy. Pay scales are published and approved by the Full Governing Body on an annual basis.

Trade Union facility time (as per The Trade Union Facility Time Publication Requirements) Regulations 2017

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2
Percentage of time spent on facility time	
Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Percentage of paybill spent on facility time

Total cost of facility time	£149
Percentage of paybill spent on facility time	£4,904,993
Total paybill	0.003%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Related Parties and other Connected Charities and Organisations

The Academy's major formal financial link with another organisation is with the CRGS Trust - the Academy's Independent Charitable Trust. It has signed a 125 year lease (dated 20 February 2012) at a peppercorn (zero) rent to allow the land and premises owned by the CRGS Trust to be used for Academy purposes. The CRGS Trust makes financial donations to the Academy on an ad-hoc basis as permitted by its Regulatory Scheme.

CRGSA, the Parents' Association also makes ad-hoc donations to the Academy.

The Academy's other links are:

A strategic partner in the Colchester Teacher Training Consortium, which organises ITT in Colchester.

A founder member of the Consortium of Selective Schools in Essex, which organises the selection tests for the selective schools in Essex and Southend and coordinates transport arrangements.

A founder member of the association of Boys' Academically Selective Schools (BASS).

A partner providing support to a number of local schools as part of its academy support programme and its outreach work for science and languages.

A founder member of the Grammar School Heads Association.

A member of the Association of Secondary Heads in Essex (ASHE) and NEASHE.

Objectives and Activities

Objects and Aims

CRGS aims to be a world class school, rivalling the educational provision and achievements of the very best schools at home and abroad. This will necessitate a consistently high national ranking in the official national DfE performance tables at 18 and a record of student entry to the most competitive courses at the very best universities at home and abroad. The students will leave CRGS with the ability and character to excel at university and beyond and will have experienced an education at CRGS which has developed their character, interests and talents as well as their academic ability. To this end, the Academy has to retain and recruit a high calibre staff, capable of delivering an academically demanding curriculum and teaching an able and ambitious student body at 11+ and 16+. A boarding section underlines the Academy's commitment to its international dimension. The Academy seeks to provide a variety of extracurricular opportunities for the students and encourages their understanding of the importance of service to the community. It also provides a well-ordered environment with high standards of behaviour and a purposeful, disciplined learning community.

CRGS seeks to be a force for good in the local community. It supports other schools in the area and further afield and offers the community opportunities to further their education. It seeks to be a beacon of excellence for an academic education.

Objectives, Strategies and Activities

CRGS has a mission statement, a vision document, a declaration of strategic intent, a three year development

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

plan and a list of annual priorities to inform, guide and judge its activities and achievements. The consistent message is to pursue excellence and uphold our four core values Compassion; Respect; Generosity; and Support and to be committed to continuous improvement in every aspect of our work. These are shared, agreed and monitored by Trustees at either committee or full governing board level. The Headmaster and Leadership Group plan for continuous improvement and monitor the quality and effectiveness of all the academy's activities. Regular reports are made to Trustees on progress at the termly committee meetings and the full Trustees' meetings. Link Trustees exercise a specific monitoring role in key areas and report to Trustees as appropriate. The Headmaster and the Leadership Group keep the staff informed of the key immediate priorities, involve the staff in the formulation of longer term strategies and lead and support the staff in pursuit of the Academy's aims and objectives. The Trustees challenge the Leadership Group appropriately and act as critical friends in the evaluation of the Academy's achievements. They provide invaluable expertise, opinion and support and hold the Headmaster to account for the Academy's achievements, development and standing. In evaluating the Headmaster's performance and agreeing suitable annual objectives for him, they take advice from an experienced external school improvement partner.

The key priorities for 2021/22 were:

Raising the profile of Equality, Diversity and Inclusion and promoting positive attitudes
Key focus on safeguarding
Promoting positive attitudes towards everyone in our community that holds a Protected Characteristic
Promote wellbeing of staff and students
Key focus on risk including cyber security
Developing and measuring school culture
Restructuring the PSHE and RSE programmes
Support plans with monitoring mechanisms
Maintain the school's national academic standing
Continue to make savings and generate income to respond to the reduced funding level
Continue development of a boarding marketing strategy
Continuing with the recruitment of girls in boarding
Planning the premises development
Following government guidance in respect of COVID 19 including premises, staff and student welfare
Submission of Condition Improvement Fund bids to replace some of the current boilers and increase the electrical supply to the school
Carry out education surveys to gather the views of our stakeholders
Work with the CSSE in its management of testing before application
Respond to staffing changes and recruit a high calibre staff for 2022/23
Promote CRGS core values
Continue to develop links with the alumni association, the Old Colcestrian Society
Provide bespoke practice for the university entrance exams

Strategies

The strategies for attaining these objectives were based on developing clear channels of communication with all stakeholders and devising clear and manageable action plans so that everyone was clear about the actions necessary in order to deliver all the outcomes. The Trustees were informed of all relevant national developments and available choices so that they could make informed decisions about the future direction of the school. The Headmaster and Leadership Team lead initiatives, take responsibility for actions and report to Trustees on progress. All this had to be achieved by the efficient use of resources and by engaging others outside the school so that all developments were affordable, sustainable and constituted best value.

The success criteria involved the maintenance of our academic outcomes and league positions, especially in comparison with other BASS schools, along with the continued successful development of boarding facilities and integration of girls, and the positive stakeholder views as expressed in the survey outcomes. A reduction in the

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

impact of financial changes, as measured by an improved position in relation to our budgeted expectations, will be a criteria for success of our financial strategy.

Public Benefit

CRGS is a state selective school and serves the local community by providing an appropriately academic and grammar school education for able students in the area, free of charge. Not only does the Academy serve Essex and South Suffolk but through its boarding section provides an educational opportunity for students from further afield and a haven for able students with difficult home circumstances. Through its outreach work CRGS provides support for local primary and secondary schools and other grammar schools further afield. CRGS usually allows the local community to use its sporting facilities, its swimming pool in the summer and invites members of the public to its outreach activities, public lectures and music and drama performances. The students actively support national charities, international good causes and local organisations, and the Academy is conscious of its responsibility and duty to support the local community. Schools Out continued to hire areas of the school to provide a very successful school holiday activity camp catering for all age groups from 4-16 years old.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives and in planning future activities and exercising their duties.

Strategic Report

Achievements and Performance

CRGS was oversubscribed at all levels in 2021/22 and able to recruit to capacity at 11+ and at sixth form although numbers were restricted due to timetabling demands. CRGS has sought to maximize its central funding income so that it can continue to deliver its services without sacrificing the quality of its provision. There was a joined-up strategy where all CRGS support groups CRGS Trust, CRGSA and the OCs worked with the Academy to focus on the academy's needs of the students to ensure that the very activities and facilities at risk because of the cuts and changes of emphasis in government funding were maintained. This includes the activities which engage the wider community, offer a full education and benefit the public, such as sport, music, drama, community involvement and school-to-school support and educational trips and visits. The school regards such opportunities as central to its ethos. The Governors review regularly the Risk Register to take account of the changes in the risks facing the school and the action taken to manage the risks previously identified.

The academic results at all levels in 2022 were excellent and highest level ever achieved by the Academy at A level. This has maintained the school's national standing as one of the leading schools in the country. The curricular offer was rich and included academic opportunities outside the timetable. Year 13s were offered the opportunity to achieve an EPQ, GCSE students Spanish and Astronomy and A level students Government and Politics, outside the curriculum. Bespoke practice was again provided for students for university entrance exams. In the extracurricular field CRGS had full and strong fixture lists in all sports and music performance.

Whilst it has been a difficult year due to the continuing impact of COVID there has been some amazing work done by the staff to continue the academic and support functions of the school and to achieve such outstanding results.

The school has the prestigious SafetyMark award recognising that the school has demonstrated excellent safety management practices and procedures. This has been evidenced by a comprehensive audit. The school has also been diligent in carrying out detailed risk assessments where required.

Key Performance Indicators

The Boarding Ofsted of May 2021 judged the provision 'requires improvement to be good' in all categories. The recommendations are being acted on. It was acknowledged that there are no serious or widespread failures and the Boarders have high aspirations and achieve good results. All Boarders spoken with said that they enjoyed

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

the boarding experience. The Boarders are highly motivated and have a strong focus on academic attainment and achievement.

The Academy Ofsted of May 2021 rated the quality of education as Good and the Sixth form provision as Good, with three other areas as inadequate. The report is on the Academy website. The recommendations are being acted on and a Statement of Action and Support Plan has been drawn up by the Academy.

The school again received low risk internal audit reports from School Choice for its finance operation in 2021/22.

The 2022 Attainment 8 figures were 79.7

The 2022 academic results were as follows:

GCSE

64% 9/8 pass rate. 76% achieved at least 8 grade 9-7

Recruitment into Year 12 for September 2021: 186 students

A level

96% A*-B. 54% A*. 143 students achieve 3 A*A or better. 67 students achieved 3 A* or better.

Financial KPI's

	2022	2021
GAG income per student	£5,432	£5,263
GAG income as % of total income	74.80%	82.71%
Staff costs as % of GAG income	97.95%	97.58%
Teaching staff expenditure per student	£3,848	£3,858

Going Concern

As a result of the Ofsted report May 2021 a Termination Warning Notice was issued to the Members and Trustees of the Academy on 9 July 2021. A first monitoring visit by Ofsted took place on 1 February 2022 at which it was confirmed that the Academy had the capacity to make rapid improvements and the Academy is ensuring a stronger culture of safeguarding was evident throughout the school.

The outcome of this inspection shows that the actions we are taking are effective and having a real and tangible impact. At every level of the school the inspectors applauded the work that has been undertaken, which is testament to the collective efforts of so many people in our community. At the present time no further action is being taken by the RSC but the Academy is in regular communication and discussion about the future of the Trust.

Notwithstanding the above after making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust 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 Statement of Accounting Policies.

Financial Review

Most of the Academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the ESFA during the year ended 31 August 2022 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), capital grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

over the expected useful life of the assets concerned.

The result for the year is a surplus of £2,785,404 when including fixed asset and pension movements. Excluding these movements, the Academy has made a deficit of £32,231. This is reflected in the surplus on unrestricted funds of £174,007 (2021: £148,788) less the deficit on restricted income funds of £206,238 (2021: a surplus of £221,157). All expenditure has supported the objectives of the Academy. The restricted and unrestricted income fund reserves held at 31 August 2022 were £2,583,472 (2021: £2,615,703).

Included within these reserves are designated funds to support the provision of a Sports Hall, a Well-being Hub, changing rooms, upgrading the IT system, upgrading the electrical supply, essential furniture replacement for sixth form, safeguarding fencing, and WC refurbishment. It is hoped that in the future that some of these projects will be supported by successful CIF bids. All these projects will enhance the quality of teaching at the academy.

The reserves are also held to support the Academy budget in times of uncertain funding levels, increasing employer pension contributions, increasing additional costs such as energy and materials and to support the Academy funding contributions towards CIF bids.

We are currently using some of our reserves to support our Statement of action and support plan. All expenditure has supported the key objectives of the Academy.

At 31 August 2022 the net book value of fixed assets was £9,430,287 and movements in tangible fixed assets are shown in the note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

In accordance with FRS102, the Academy received an actuarial assessment of the pension scheme deficit. The deficit balance of £698,000 (2021: £3,107,000) is included within the Balance Sheet as at 31 August 2022 and supporting notes to the accounts. There has been a substantial reduction in the liability and this improvement in the balance sheet position is primarily a result of the significant change in the discount rate linked to high quality corporate bond yields, and the future rate of inflation, which is the key financial assumption required for determining the defined benefit obligation. The actuarial gain arising on the scheme is £2,751,000 which is shown in the Statement of Financial Activities. Further details of the scheme are shown in note 29.

Reserves Policy

The Academy will hold reserves to draw on as and when required to supplement the annual budget and to support developments over time. The management of reserves to support, maintain, develop and improve provision over time is considered to be an aspect of prudent financial management essential to the maintenance of a high quality provision. It permits flexibility and planning. The unrestricted free reserves totalled £1,845,277 at 31 August 2022 and are intended both to combat any annual fluctuations in funding or unforeseen exceptional circumstances and to fund important developments in the Academy. These may be related to the curriculum, facilities, premises, extracurricular activities or personnel needs but as the reserves are finite, any such developmental projects will be fully costed, and the total commitment will be established before the reserves are used. Such projects will not, therefore, include any ongoing revenue commitments over an indefinite period of time. The Trustees are concerned over the annual funding together with the increased additional costs but consider there is a suitable level of reserves in the current circumstances. Budgeting is proving challenging with in- year deficits being budgeted for in respect of government funding.

The restricted funds not available for general purposes of the Academy Trust totalled £10,596,177. This includes the restricted fixed asset reserve of £9,857,982 of which £9,430,287 can only be realised by the disposal of fixed assets. The trustees consider this is a suitable level of reserves in the current circumstances.

The reserves policy is reviewed annually.

With regard to boarding a minimum of 8% of income (in accordance with government guidelines) will be allocated to the boarding reserves each period in order to cover ongoing maintenance, improvements, fixture

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

and furnishing costs and for the general upkeep of the boarding facilities. A boarding reserve is also necessary in order to be able to maintain the level of boarding provision in the eventuality of a reduction in numbers or income or extra staffing needs in any particular period. There is further work needed to carry out necessary refurbishment to the boarding facility.

The Academy Trust has a deficit of £698,000 (2021: £3,107,000) on the restricted Local Government Pension Scheme pension reserve. This is a long term liability which is being addressed by payment of additional contributions as determined by the scheme's actuaries. These contributions are being met from the Academy's budgeted annual income and there is no direct impact on the free reserves of the Academy.

Investment Policy

The Finance Committee considers the level of surplus funds and makes appropriate recommendations for investment as necessary. The Academy has invested surplus funds in a low risk short notice bank deposit to generate additional income.

Principal Risks and Uncertainties

The Trustees have adopted policies to ensure compliance with statutory duties and systems to manage potential threats and risks to the Academy. They regularly monitor the Academy's operation through Trustee committees and groups.

As an Academy, the level of financial risk will essentially be determined by the Government's funding formula for academies. Government funding no longer covers expenditure so this has to be kept under constant review with the Government currently reassessing the funding levels and criteria for funding. Numbers of applicants to the Academy are high because of the Academy's provision and success. The Academy needs to maintain its high level of achievement and broad educational experience so as to remain attractive. The Hong Kong boarding market is shrinking and COVID has had a major impact on the boarding numbers for the coming year but we are confident that this will recover. Other markets have been successfully explored, both at home and abroad, and there is sufficient demand for CRGS boarding to give the school confidence for the future.

The funding of the school continues to be subject to political decisions, and CRGS had to amend its provision to adapt to funding changes which affects it every year. The funding model for A Level is still a concern for a school such as CRGS because a 3 A Level funding model does not cover the CRGS curriculum offer which provides the opportunity to study 4 or 5 A Levels or an AS Level or EPQ.

The biggest challenge this year has been the Ofsted Inspection grading the school as inadequate and the subsequent development of the Action Plan to address the identified Safeguarding matters. Our achievement in coping with the new pressures has proven that we always work towards achieving the very best for our students and staff. The Trustees continue to work with the RSC to ensure the Termination Warning Notice issued in May 2021 does not result in the funding agreement being terminated.

CRGS is dependent on its strong ethos where individuals give generously of their own time for the benefit of the students. To maintain its extracurricular provision, parental contributions and staff goodwill are vital. For this reason the onus is on the school to create an environment which promotes and encourages this high level of personal support. CRGS has created strong partnerships with its parents and alumni so that this support is forthcoming.

The school is also dependent on its ability to recruit high calibre staff and provide for their continued professional development. Succession planning is key to sustaining a high level of provision and the unique ethos of the school.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Fundraising

The Academy carries out fundraising activities to generate additional income to support its budget. The methods and processes are well planned and monitored effectively to ensure the Academy complies with the code of fundraising practice. The Academy acts in the best interests of the Academy ensuring reasonable care is taken to protect its reputation and to ensure it is open and reasonable in its activities. Complete and accurate returns are made so the Academy receives the tax reliefs which it is entitled to.

The Academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Plans for Future Periods

The Trustees intend to focus on the Academy's quality of provision by retaining and recruiting a high calibre staff and creating a learning environment and experience which will attract able students at all levels. This will require prudential financial management and the generation of extra income to improve the Academy's facilities and facilitate further developments. The Trustees continue to see the academic achievement of the students as the Academy's principal priority but remain equally committed to the provision of extracurricular opportunities, notably sport, music and drama. The Trustees will continue to seek to generate income through fundraising and outreach work.

The Academy will continue to work with pace to address the concerns from the Ofsted report. Parents were sent the Ofsted Statement of Action and Support Plan.

Staff training has continued this year to embed our new and improved culture.

The proposed Articles of Association are in the final stages of being updated and this will lead to a change in the structure of governance

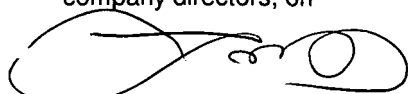
The DfE has approved the Deed of Variation and new Funding Agreement for the Academy Trust and these will be adopted in due course.

Auditor

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on *14 December 2022* and signed on its behalf by:



Mrs J Perry
Chair of Trustees



Mr J R Russell
Accounting Officer

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Colchester Royal Grammar School 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Headmaster, 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 Colchester Royal Grammar School 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 9 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Perry (Chair)	9	9
Mrs E Anning	7	9
Mrs G A Barritt (Vice Chair)	7	9
Mr J Carter (until 20/09/22)	8	9
Mr G Constantinides (until 25/11/21)	2	2
Mr R A Crayston	9	9
Mr T de Souza-Ingle	8	9
Mrs H J Drake (until 12/07/22)	7	8
Mr D Farruggio	8	9
Mrs K Finbow (until 4/04/22)	5	5
Mr J C Johnston	8	9
Mr P Hoddell	6	9
Mr I Turner	7	9
Mrs J Owens	8	9
Mr P Roberts (until 30/09/21)	0	0
Mr J Russell, Headmaster and Accounting Officer	9	9
Mr J G Tillet MBE (until 10/02/22)	0	4
Mrs K Vargas	9	9

There have been challenges for the school in both managing the finances effectively in line with the funding provided by the government and addressing the concerns following the Ofsted report.

Meetings of the Committees and Governing Board continued to be held virtually with good attendance. This has changed to face to face meetings or a hybrid meeting to ensure all trustees have the opportunity to attend meetings.

The trustees have continued to focus on the culture of the school and time and training has continued to be invested in safeguarding, equality, diversity and inclusion within the school.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Health and Safety has continued as a priority.

The structure of the Governing Board is currently under review.

The Governing Board has approved adoption of the current model Articles of Association.

An up to date and complete register of interests is maintained for all Trustees and Members and for employees as appropriate and includes all senior employees and budget holders. The website has details of the relevant business and pecuniary interests. The academy and the Governing Board manage closely any conflicts of interest to prevent any potential effect on their decision making to ensure all decisions are in the best interests of the trust.

Consideration is given at all meetings to ensure they are properly quorate and there are sufficient non-conflicted trustees to reach a decision on matters to be discussed. If there is a conflict the Governing Board would require the trustee to absence themselves from any discussion and decision.

The Governing Board regularly reviews its skills set through a skills audit, and gives consideration to any skills gaps when recruiting and appointing trustees. As a matter of best practice for regular self-assessment of the Governing Board and to address the concerns following the Ofsted report, a review of governance was commissioned and undertaken by an external provider during the year and the outcomes of this are under review and consideration. Where appropriate, recommendations for ongoing review are fed into the School Improvement Plan.

Various powers are delegated to committees who meet at least three times a year. These additional meetings ensure robust governance and effective oversight of funds.

The Finance Committee is a sub-committee of the board of trustees. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees' responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. The Finance Committee will make appropriate comments and recommendations on such matters to the board of trustees on a regular basis. The Finance Committee undertakes the role of Audit Committee.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr J C Johnston (Committee Chair)	5	5
Mr J Russell (Headmaster)	5	5
Mr R A Crayston	4	5
Mr I Turner	5	5
Mr J Carter	4	5
Mrs K Finbow	2	2

The Finance Committee is composed of trustees with a high level of financial competence. Its purpose is to oversee the financial management and ensure the financial propriety of the school and to plan strategically to secure the academy's continuity as a viable business.

The priority of the Finance Committee is to monitor the in-year spending within the budget. It is also overseeing the medium-term budget plan so that the academy's finances can be managed prudently over the next three to five years in a climate of reduced funding and rising costs.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Headmaster has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

We have continued to get some extremely good deals by negotiating discounts, this has achieved a real cost saving for the school as we continue to purchase a high volume of books for syllabuses.

Catering supplies have been more difficult to source and costs have risen considerably. Decisions have been made to keep the quality of the provision within acceptable cost and providing good value meals.

We successfully purchased high specification IT equipment at a very competitive price. This will give us greater longevity of the equipment too.

Quotes were obtained for a new canopy for students outside dining. The lowest quote was accepted and was 15% lower than the second quote.

Trustees and school managers are challenged to secure the best possible outcome for students, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

The academy benchmarks financial performance against other academy trusts.

The academy explores opportunities to generate income to support its activities. It has primarily been done this year through lettings, sale of photographs, and the use of the swimming pool by the community. The Parents' Association have raised money to support the school and supplement its revenue income. The academy is also well supported by the CRGS Trust which largely supports extra curriculum activities.

The academy applies for grants and bids for funding as appropriate.

Quality is of vital importance to CRGS when considering Best Value. The cheapest option may not necessarily offer the best value and can require additional maintenance costs or provide poor service. It is necessary to complete projects to a high standard and not to compromise on quality or functionality to achieve a sustainable and effective outcome.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Colchester Royal Grammar School for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2021 to 31 August 2022 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 Academy has a risk register which is regularly reviewed by the each committee to ensure it accurately reflects the schools major risks to the continued operation of the school. The significance of the impact of the risk and the immediacy of the need to take action to manage the risk has been used to identify the priorities of the Academy. This is a live document along with the school improvement plan which is also considered at every committee meeting to ensure needs, opportunities and risks are recognised timely and appropriate action considered.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance 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
- identification and management of risks

The Board of Trustees has decided to employ School's Choice as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of audit
- Testing of purchase systems
- Testing of control account/bank reconciliations
- Testing of income controls
- Testing of governance
- Testing of monitoring and review
- Testing of planning cycle and budget

The internal auditor reports three times a year to the Board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Schools Choice reports are reviewed after every visit to ensure good governance is being maintained and to consider any recommended action should it arise. The visits this year have confirmed that robust processes are in place for the areas of testing and the academy has achieved an overall score of 'outstanding'.

COLCHESTER ROYAL GRAMMAR SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

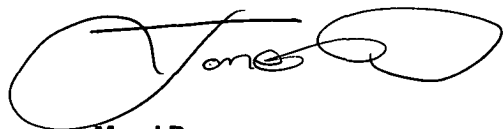
Review of effectiveness

As Accounting Officer, the Headmaster 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 financial management and the school resource management and self-assessment tool;
- the work of the Senior Leadership Team and other appropriate senior leaders within the Academy who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditors;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the internal auditor and finance committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on *14 December 2022* and signed on their behalf by:



Mrs J Perry
Chair of Trustees



Mr J R Russell
Accounting Officer

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Colchester Royal Grammar School I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

I confirm that I and the Academy board of Trustees are able to identify any material irregular or improper use of all 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 2021.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA.



Mr J R Russell
Accounting Officer

Date: 14 December 2022

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

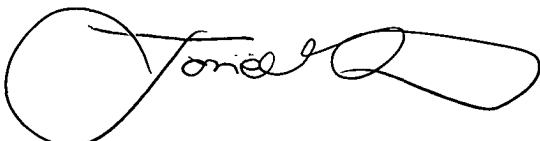
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mrs J Perry
Chair of Trustees

Date: 14 December 2022

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL**

Opinion

We have audited the financial statements of Colchester Royal Grammar School (the 'academy') for the year ended 31 August 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2022 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, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Academy continues to operate under a Termination Warning Notice which could result in the termination of the funding agreement. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the Academy's ability to continue to adopt the going concern basis of accounting included consideration of the representations made to the Regional Schools Commissioner and actions taken to correct deficiencies identified in the Ofsted Inspection on 11-13 May 2021.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL (CONTINUED)**

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The engagement partner ensured the engagement team had the necessary skills and knowledge to identify non-compliance with applicable laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and for those that are most significant, we enquired into how management ensures compliance is maintained.

We identified that the principal risks of non-compliance with laws and regulations related to the DfE/ESFA regulatory industry that the Academy operates in. This affects the ability to continue trading as an Academy Trust. Other relevant laws and regulations of note include health and safety.

Enquiry and review of the entity's transactions was undertaken to highlight any instances of penalties, fines or legal activity which could suggest non-compliance with laws and regulations. There was no contradictory evidence found.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements including the Companies Act 2006, Accounts Directions and Charities SORP.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the override of delegated authorities and the misappropriation of grant funding.

In response, we incorporated testing of procurement and expenditure and any other entries at risk of falling outside of delegated authorities.

Scrutiny of unusual transactions and analytical procedures were used to help identify risk factors in monies received and expended during the year.

It is also stated, as a reminder, that the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Trust.

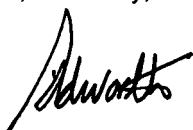
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COLCHESTER ROYAL GRAMMAR SCHOOL (CONTINUED)**

Use of our report

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



Daniel Aldworth (Senior statutory auditor)

**for and on behalf of Griffin Chapman
Chartered Accountants**

Statutory Auditors
4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

Date: 15 December 2022

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
COLCHESTER ROYAL GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Colchester Royal Grammar School during the year 1 September 2021 to 31 August 2022 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 Colchester Royal Grammar School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Colchester Royal Grammar School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Colchester Royal Grammar School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Colchester Royal Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Colchester Royal Grammar School's funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
COLCHESTER ROYAL GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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


The work undertaken comprised:

- a) Analytical review as part of the consideration of whether general activities of the academy trust are within the academy trusts framework of authorities
- b) Confirmation that items have been appropriately authorised in accordance with the academy trust's delegated authorities. Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education.
- c) Performing of sample testing of expenditure & procurement and review against specific terms of grant funding within the funding agreement.
- d) Review and testing of the systems surrounding the management of related party transactions.
- e) Consideration of governance activities in line with ESFA expectations.

The extent of work performed was based upon our professional judgement, informed by the assessment of the risk of material irregularity, impropriety and non-compliance.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Mr Daniel Aldworth (Reporting Accountant)
for and on behalf of Griffin Chapman
Chartered Accountants

4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

Date: 15 December 2022

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants	3	162,508	12,905	479,390	654,803	230,925
Other trading activities	6	105,684	59,899	-	165,583	112,469
Investments	7	864	-	-	864	1,018
Charitable activities:	4					
Funding for the academy trust's educational operations		-	5,601,364	-	5,601,364	5,501,819
Boarding activities		-	420,725	-	420,725	355,711
Other income	8	418,630	6,649	-	425,279	243,369
Total income		687,686	6,101,542	479,390	7,268,618	6,445,311
Expenditure on:						
Raising funds	10	47,275	-	-	47,275	37,067
Charitable activities:	11					
Academy's educational operations		466,404	5,951,244	447,700	6,865,348	6,325,245
Provision of boarding		-	321,591	-	321,591	324,804
Total expenditure		513,679	6,272,835	447,700	7,234,214	6,687,116
Net income/(expenditure)		174,007	(171,293)	31,690	34,404	(241,805)
Transfers between funds	22	-	(376,945)	376,945	-	-
Net movement in funds before other recognised gains		174,007	(548,238)	408,635	34,404	(241,805)
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	29	-	2,751,000	-	2,751,000	47,000
Net movement in funds	22	174,007	2,202,762	408,635	2,785,404	(194,805)

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
	Note					
Reconciliation of funds:	22					
Total funds brought forward		1,671,270	(2,162,567)	9,449,347	8,958,050	9,152,855
Net movement in funds		174,007	2,202,762	408,635	2,785,404	(194,805)
Total funds carried forward		1,845,277	40,195	9,857,982	11,743,454	8,958,050

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 32 to 64 form part of these financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL

(A company limited by guarantee)

REGISTERED NUMBER: 7769103

**BALANCE SHEET
AS AT 31 AUGUST 2022**

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	17		9,430,287		9,390,909
			<u>9,430,287</u>		<u>9,390,909</u>
Current assets					
Stocks	18	5,269		5,382	
Debtors	19	455,032		133,961	
Cash at bank and in hand		3,397,839		3,083,938	
		<u>3,858,140</u>		<u>3,223,281</u>	
Creditors: amounts falling due within one year	20	(846,973)		(549,140)	
Net current assets			<u>3,011,167</u>		<u>2,674,141</u>
Total assets less current liabilities			<u>12,441,454</u>		<u>12,065,050</u>
Net assets excluding pension liability			<u>12,441,454</u>		<u>12,065,050</u>
Defined benefit pension scheme liability	29		(698,000)		(3,107,000)
Total net assets			<u><u>11,743,454</u></u>		<u><u>8,958,050</u></u>
Funds of the Academy					
Restricted funds:					
Fixed asset funds	22	9,857,982		9,449,347	
Restricted income funds	22	738,195		944,433	
		<u>10,596,177</u>		<u>10,393,780</u>	
Restricted funds excluding pension asset	22				
Pension reserve	22	(698,000)		(3,107,000)	
Total restricted funds	22		<u>9,898,177</u>		<u>7,286,780</u>
Unrestricted income funds	22		<u>1,845,277</u>		<u>1,671,270</u>
Total funds			<u><u>11,743,454</u></u>		<u><u>8,958,050</u></u>

The financial statements on pages 27 to 64 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

14 December 2022

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 7769103

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022



Mrs J Perry
Chair of Trustees

The notes on pages 32 to 64 form part of these financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee);

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash provided by operating activities	24	320,725	694,123
Cash flows from investing activities	25	(6,824)	(212,299)
		<u>313,901</u>	<u>481,824</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents at the beginning of the year		3,083,938	2,602,114
Cash and cash equivalents at the end of the year	26, 27	<u><u>3,397,839</u></u>	<u><u>3,083,938</u></u>

The notes on pages 32 to 64 form part of these financial statements

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future. The Academy is operating under a Termination Warning Notice which could result in the termination of the funding agreement. This indicates that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern. The Academy is addressing matters arising and no further action has been taken by the RSC or the government, thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Charitable activities**

These are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 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 Part 11, chapter 3 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.

1.7 Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Buildings	- 2% and 3.45% straight line
Furniture and equipment	- 10% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 20% straight line
Computer equipment and software	- 33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

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. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.12 Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 19. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.14 Operating leases

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

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.15 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.16 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA.

Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The funds received and paid and any balance held for all agency arrangements are disclosed in notes to the financial statements.

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. Accounting policies (continued)

1.17 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. This year, the present value reflects a short-term allowance for inflation to reflect the impact of the current high inflation rates.

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

3. Income from donations and capital grants

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	162,508	12,905	-	175,413	206,960
Capital Grants	-	-	479,390	479,390	23,965
Total 2022	162,508	12,905	479,390	654,803	230,925
<i>Total 2021</i>	<i>182,403</i>	<i>21,713</i>	<i>26,809</i>	<i>230,925</i>	

4. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Academy's Educational Operations	-	5,601,364	5,601,364	5,501,819
Provision of Boarding Activities	-	420,725	420,725	355,711
Total 2022	-	6,022,089	6,022,089	5,857,530
<i>Total 2021</i>	<i>13,627</i>	<i>5,843,903</i>	<i>5,857,530</i>	

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Funding for the academy's educational operations

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Academy's Educational Operations				
DfE/ESFA grants				
General Annual Grant	-	5,332,582	5,332,582	5,056,427
Teachers Pay & Pension Grants	-	104,660	104,660	269,226
Pupil Premium	-	40,480	40,480	35,846
Other DfE/ESFA grants	-	43,625	43,625	32,872
Supplementary grant	-	46,749	46,749	-
	-	5,568,096	5,568,096	5,394,371
Other Government grants				
Local Authority SEN funding	-	20,131	20,131	19,703
Other income from educational operations	-	-	-	792
Local Authority - other	-	2,000	2,000	-
	-	22,131	22,131	20,495
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	-	-	49,080
Coronavirus exceptional support	-	-	-	(2,394)
COVID Testing grant	-	9,580	9,580	26,640
Vaccination funding	-	1,557	1,557	-
	-	11,137	11,137	73,326
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	-	-	13,627
	-	-	-	13,627
Total 2022	-	5,601,364	5,601,364	5,501,819
Total 2021	13,627	5,488,192	5,501,819	

COLCHESTER ROYAL GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

6. Income from other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Hire of facilities	63,557	-	63,557	44,365
Income from services provided	37,739	54,385	92,124	65,171
Items sold	4,388	5,514	9,902	2,933
Total 2022	105,684	59,899	165,583	112,469
<i>Total 2021</i>	<i>55,815</i>	<i>56,654</i>	<i>112,469</i>	

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank Interest received	864	864	1,018
<i>Total 2021</i>	<i>1,018</i>	<i>1,018</i>	

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

8. Other incoming resources

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Catering income	336,939	-	336,939	227,795
Academy trips	79,991	-	79,991	9,597
Examination fees	-	6,649	6,649	5,927
Other incoming resources	1,700	-	1,700	50
Total 2022	418,630	6,649	425,279	243,369
<i>Total 2021</i>	<i>237,442</i>	<i>5,927</i>	<i>243,369</i>	

9. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
Expenditure on fundraising trading activities:					
Direct costs	28,523	-	18,752	47,275	37,067
Academy's Educational Operations:					
Direct costs	3,849,569	370,027	547,561	4,767,157	4,487,290
Support costs	1,277,257	115,269	705,665	2,098,191	1,588,283
Provision of Boarding Activities:					
Direct costs	1,985	-	5,094	7,079	26,342
Support costs	168,558	84,910	61,044	314,512	242,529
Total 2022	5,325,892	570,206	1,338,116	7,234,214	6,381,511
<i>Total 2021</i>	<i>5,196,552</i>	<i>490,252</i>	<i>694,707</i>	<i>6,381,511</i>	

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

10. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other costs	18,752	18,752	16,996
Fundraising trading expenses - wages and salaries	28,523	28,523	20,071
	<u>47,275</u>	<u>47,275</u>	<u>37,067</u>
<i>Total 2021</i>	<u>37,067</u>	<u>37,067</u>	

11. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
Academy's Educational Operations	466,404	6,398,944	6,865,348	6,325,245
Provision of Boarding Activities	-	321,591	321,591	324,804
	<u>466,404</u>	<u>6,720,535</u>	<u>7,186,939</u>	<u>6,650,049</u>
<i>Total 2021</i>	<u>292,732</u>	<u>6,357,317</u>	<u>6,650,049</u>	

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Academy's Educational Operations	4,767,157	2,098,191	6,865,348	6,325,245
Provision of Boarding Activities	7,079	314,512	321,591	324,804
Total 2022	4,774,236	2,412,703	7,186,939	6,650,049
<i>Total 2021</i>	<i>4,699,657</i>	<i>1,950,392</i>	<i>6,650,049</i>	

Analysis of direct costs

	Academy's Educational Operations 2022 £	Provision of Boarding 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	3,849,569	1,985	3,851,554	3,904,153
Depreciation	447,700	-	447,700	460,500
Technology costs	54,709	919	55,628	57,891
Educational supplies	120,141	2,431	122,572	86,986
Examination fees	131,033	298	131,331	125,163
Staff development	16,870	1,053	17,923	14,048
Educational consultancy	55,414	-	55,414	36,420
Other direct costs	91,721	393	92,114	14,496
Total 2022	4,767,157	7,079	4,774,236	4,699,657
<i>Total 2021</i>	<i>4,670,595</i>	<i>29,062</i>	<i>4,699,657</i>	

COLCHESTER ROYAL GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. Analysis of expenditure by activities (continued)

Analysis of support costs

	Academy's Educational Operations 2022 £	Provision of Boarding 2022 £	Total funds 2022 £	Total funds 2021 £
Pension finance cost	49,000	-	49,000	44,000
Staff costs	1,277,257	168,558	1,445,815	1,272,328
Legal costs - other	56,591	-	56,591	17,582
Technology costs	19,968	-	19,968	10,096
Recruitment and support	53,856	5,000	58,856	31,973
Maintenance of premises and equipment	127,167	18,134	145,301	93,026
Cleaning	5,395	2,660	8,055	20,736
Rent rates and water	36,661	8,329	44,990	30,630
Energy costs	84,204	34,596	118,800	105,504
Insurance	24,081	-	24,081	24,331
Travel and subsistence	518	463	981	176
Catering	200,995	70,515	271,510	179,331
Bank charges	7,477	-	7,477	4,161
Other support costs	145,899	6,257	152,156	108,073
Governance costs	9,122	-	9,122	8,445
Total 2022	2,098,191	314,512	2,412,703	1,950,392
<i>Total 2021</i>	<i>1,654,650</i>	<i>295,742</i>	<i>1,950,392</i>	

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13. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	2,042	2,042
Depreciation of tangible fixed assets	447,700	460,501
Governance internal audit costs	1,322	967
Fees paid to auditors for:		
- audit	7,800	7,800
- other services	3,375	3,375
	<u>7,800</u>	<u>7,800</u>
	<u>3,375</u>	<u>3,375</u>

14. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	3,824,619	3,749,277
Social security costs	369,957	356,412
Pension costs	1,124,273	1,054,386
	<u>5,318,849</u>	<u>5,160,075</u>
Agency staff costs	7,043	36,477
	<u>5,325,892</u>	<u>5,196,552</u>

b. Severance payments

The Academy paid £16,169 severance payments in the year (2021 - £-), disclosed in the following bands:

	2022 No.	2021 No.
£0 - £25,000	<u>2</u>	<u>-</u>

c. Special staff severance payments

Special staff severance payments were £1,665 (2021 £nil)

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Staff (continued)

d. Staff numbers

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

	2022 No.	2021 No.
Teachers	67	72
Administration and support	90	109
Management	4	5
	<u>161</u>	<u>186</u>

The average headcount expressed as full-time equivalents was:

	2022 No.	2021 No.
Teachers	63	60
Administration and support	42	43
Management	4	5
	<u>109</u>	<u>108</u>

e. Higher paid staff

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	-
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

f. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £494,850 (2021 £592,145).

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15. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2022	2021
		£	£
Mr J Russell, Headmaster & Accounting Officer	Remuneration	105,000 - 110,000	105,000 - 110,000
	Pension contributions paid	25,000 - 30,000	25,000 - 30,000
Mr D Ratcliffe (retired 7 June 2021)	Remuneration		25,000 - 30,000
	Pension contributions paid		5,000 - 10,000
Mr R T Neale (retired 5 July 2021)	Remuneration		25,000 - 30,000
	Pension contributions paid		5,000 - 10,000
Mrs H J Drake (retired 12/07/2022)	Remuneration	40,000 - 45,000	45,000 - 50,000
	Pension contributions paid	0 - 5,000	10,000 - 15,000

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

16. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2022 was £19 (2021 - £79). The cost of this insurance is included in the total insurance cost.

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17. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Assets under construction £	Total £
Cost or valuation								
At 1 September 2021	7,890,745	4,514,016	551,493	179,042	453,723	5,313	-	13,594,332
Additions	-	-	11,913	-	112,458	-	362,707	487,078
Disposals	-	-	-	-	(33,438)	-	-	(33,438)
At 31 August 2022	7,890,745	4,514,016	563,406	179,042	532,743	5,313	362,707	14,047,972
Depreciation								
At 1 September 2021	2,016,027	1,199,319	414,878	177,136	390,750	5,313	-	4,203,423
Charge for the year	290,154	79,873	38,115	1,906	37,652	-	-	447,700
On disposals	-	-	-	-	(33,438)	-	-	(33,438)
At 31 August 2022	2,306,181	1,279,192	452,993	179,042	394,964	5,313	-	4,617,685
Net book value								
At 31 August 2022	5,584,564	3,234,824	110,413	-	137,779	-	362,707	9,430,287
At 31 August 2021	5,874,718	3,314,697	136,615	1,906	62,973	-	-	9,390,909

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17. Tangible fixed assets (continued)

The Trustees have based their valuation of the freehold and long leasehold buildings, gifted on conversion, on the remaining useful life assessment and existing use valuation prepared by DTZ for the EFA. For the purposes of these financial statements the land is deemed to have no commercial value.

The leasehold buildings are occupied under a 125 year lease which commenced on 20 February 2012 at a peppercorn rent.

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18. Stocks

	2022 £	2021 £
Raw materials and consumables	5,269	5,382

19. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	6,694	2,314
Other debtors	323,744	5,347
Prepayments and accrued income	64,120	107,798
VAT recoverable	60,474	18,502
	455,032	133,961

20. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	216,525	88,157
Other taxation and social security	90,326	88,975
Other creditors	146,366	135,579
Accruals and deferred income	393,756	236,429
	846,973	549,140

	2022 £	2021 £
Deferred income		
Deferred income at 1 September 2021	162,522	125,495
Resources deferred during the year	169,621	162,522
Amounts released from previous periods	(162,522)	(125,495)
	169,621	162,522

Deferred income includes music fees and trip income received in advance and boarding deposits and fees.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through income and expenditure	3,397,839	3,083,938
Financial assets that are debt instruments measured at amortised cost	330,437	62,081
	<u>3,728,276</u>	<u>3,146,019</u>
	2022 £	2021 £
Financial liabilities		
Financial liabilities shown at amortised cost	756,646	460,165

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

22. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds	1,671,270	687,686	(513,679)	-	-	1,845,277
Restricted general funds						
General Annual Grant (GAG)	507,032	5,358,797	(5,021,861)	(508,009)	-	335,959
Provision of Boarding	228,932	420,725	(321,590)	(92,872)	-	235,195
Pupil Premium	16,505	40,480	(39,861)	-	-	17,124
Other restricted reserves	160,142	275,988	(292,826)	-	-	143,304
Catch-up premium	31,822	5,552	(30,761)	-	-	6,613
Pension reserve	(3,107,000)	-	(565,936)	223,936	2,751,000	(698,000)
	<u>(2,162,567)</u>	<u>6,101,542</u>	<u>(6,272,835)</u>	<u>(376,945)</u>	<u>2,751,000</u>	<u>40,195</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	9,449,347	479,390	(447,700)	376,945	-	9,857,982
Total Restricted funds	<u>7,286,780</u>	<u>6,580,932</u>	<u>(6,720,535)</u>	<u>-</u>	<u>2,751,000</u>	<u>9,898,177</u>
Total funds	<u>8,958,050</u>	<u>7,268,618</u>	<u>(7,234,214)</u>	<u>-</u>	<u>2,751,000</u>	<u>11,743,454</u>

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

The General Annual Grant must be used for the normal running costs of the Academy. DfE/ESFA and other government grants are used to support teaching and learning in the Academy. Other restricted funds support teaching and learning and student language skills.

Boarding funds support the provision of boarding activities.

Pupil Premium fund includes all income and expenditure in relation to the pupil premium grant.

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22. Statement of funds (continued)

Other restricted reserves are various funds which are applied to specific restricted purposes.

The pension reserve represents the deficit on the LGPS pension scheme.

The restricted fixed asset fund represents the cost or valuation of fixed assets held by the Academy Trust and any unspent capital grant income.

Unrestricted funds are those arising from unrestricted activities and can be applied for any purpose.

During the year £376,945 was transferred to restricted fixed asset reserve from restricted funds. This is capital expenditure met from GAG.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

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22. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds	1,522,482	476,678	(316,172)	(11,718)	-	1,671,270
Coronavirus Job Retention Scheme grant	-	13,627	(13,627)	-	-	-
	<u>1,522,482</u>	<u>490,305</u>	<u>(329,799)</u>	<u>(11,718)</u>	<u>-</u>	<u>1,671,270</u>
Restricted funds						
General Annual Grant (GAG)	416,393	5,299,943	(4,937,871)	(271,433)	-	507,032
Pupil Premium	9,672	35,846	(29,013)	-	-	16,505
Other restricted reserves	99,186	187,617	(104,272)	(22,389)	-	160,142
Catch-up premium	-	49,080	(17,258)	-	-	31,822
Coronavirus Job Retention Scheme grant	-	3,061	(3,061)	-	-	-
Provision of Boarding	198,025	352,650	(321,743)	-	-	228,932
Pension reserve	(2,879,000)	-	(483,599)	208,599	47,000	(3,107,000)
	<u>(2,155,724)</u>	<u>5,928,197</u>	<u>(5,896,817)</u>	<u>(85,223)</u>	<u>47,000</u>	<u>(2,162,567)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	9,786,097	26,809	(460,500)	96,941	-	9,449,347
Total Restricted funds	<u>7,630,373</u>	<u>5,955,006</u>	<u>(6,357,317)</u>	<u>11,718</u>	<u>47,000</u>	<u>7,286,780</u>
Total funds	<u><u>9,152,855</u></u>	<u><u>6,445,311</u></u>	<u><u>(6,687,116)</u></u>	<u><u>-</u></u>	<u><u>47,000</u></u>	<u><u>8,958,050</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Statement of funds (continued)

23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	9,430,287	9,430,287
Current assets	1,873,787	1,373,834	610,519	3,858,140
Creditors due within one year	(28,510)	(635,639)	(182,824)	(846,973)
Provisions for liabilities and charges	-	(698,000)	-	(698,000)
Total	1,845,277	40,195	9,857,982	11,743,454

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	9,390,909	9,390,909
Current assets	1,671,270	1,493,573	58,438	3,223,281
Creditors due within one year	-	(549,140)	-	(549,140)
Provisions for liabilities and charges	-	(3,107,000)	-	(3,107,000)
Total	1,671,270	(2,162,567)	9,449,347	8,958,050

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2022 £	2021 £
Net income/(expenditure) for the year (as per Statement of financial activities)	34,404	(241,805)
Adjustments for:		
Depreciation	447,700	460,501
Capital grants from DfE and other capital income	(479,390)	(26,809)
Interest receivable	(864)	(1,018)
Decrease in stocks	113	1,665
(Increase)/decrease in debtors	(321,071)	184,069
Increase in creditors	297,833	42,520
Defined benefit pension scheme cost less contributions payable	292,000	229,000
Defined benefit pension scheme finance cost	49,000	44,000
Defined benefit pension scheme administration cost	1,000	2,000
Net cash provided by operating activities	320,725	694,123

25. Cash flows from investing activities

	2022 £	2021 £
Dividends, interest and rents from investments	864	1,018
Purchase of tangible fixed assets	(487,078)	(240,126)
Capital grants from DfE Group	479,390	26,809
Net cash used in investing activities	(6,824)	(212,299)

26. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand and at bank	3,397,839	3,083,938
Total cash and cash equivalents	3,397,839	3,083,938

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27. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	3,083,938	313,901	3,397,839
	<u>3,083,938</u>	<u>313,901</u>	<u>3,397,839</u>

28. Capital commitments

	2022 £	2021 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>443,043</u>	<u>-</u>

29. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £98,113 were payable to the schemes at 31 August 2022 (2021 - £90,797) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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29. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £608,337 (2021 - £616,787).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £277,000 (2021 - £261,000), of which employer's contributions totalled £222,000 (2021 - £209,000) and employees' contributions totalled £ 55,000 (2021 - £52,000). The agreed contribution rates for future years are 23.4 to 25.0 per cent for employers and variable rates of 5.5 to 12.5 per cent for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Principal actuarial assumptions

	2022 %	2021 %
Rate of increase in salaries	4.0	3.9
Rate of increase for pensions in payment/inflation	3.0	2.9
Discount rate for scheme liabilities	4.25	1.65
Inflation assumption (CPI)	3.0	2.9
Commutation of pensions to lump sums	50	50

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

	2022 Years	2021 Years
<i>Retiring today</i>		
Males	21.0	21.6
Females	23.5	23.6
<i>Retiring in 20 years</i>		
Males	22.3	22.9
Females	24.9	25.1

Sensitivity analysis

	2022 £000	2021 £000
Discount rate +0.1%	85	135
Discount rate -0.1%	(87)	(138)
Mortality assumption - 1 year increase	(126)	(264)
Mortality assumption - 1 year decrease	122	253
CPI rate +0.1%	(5)	(9)
CPI rate -0.1%	5	9

Share of scheme assets

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29. Pension commitments (continued)

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

	At 31 August 2022 £	At 31 August 2021 £
Equities	1,922,000	2,069,000
Gilts	66,000	81,000
Corporate bonds	151,000	150,000
Property	323,000	226,000
Cash and other liquid assets	102,000	90,000
Derivatives	511,000	359,000
Other managed funds	340,000	257,000
Total market value of assets	3,415,000	3,232,000

The actual return on scheme assets was £8,000 (2021 - £588,000).

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

	2022 £	2021 £
Current service cost	(514,000)	(437,599)
Interest cost	(49,000)	(44,000)
Administrative expenses	(1,000)	(2,000)
Total amount recognised in the Statement of financial activities	(564,000)	(483,599)

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

	2022 £	2021 £
At 1 September	6,341,344	5,337,745
Current service cost	514,000	437,599
Interest cost	104,000	85,000
Employee contributions	55,000	52,000
Actuarial (gains)/losses	(2,798,000)	500,000
Benefits paid	(101,000)	(71,000)
At 31 August	4,115,344	6,341,344

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29. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2022 £	2021 £
At 1 September	3,234,344	2,458,745
Interest income	55,000	41,000
Actuarial (losses)/gains	(47,000)	547,000
Employer contributions	222,000	208,599
Employee contributions	55,000	52,000
Benefits paid	(101,000)	(71,000)
Administration expenses	(1,000)	(2,000)
At 31 August	3,417,344	3,234,344

30. Operating lease commitments

At 31 August 2022 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	-	1,871

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2022 £	2021 £
Operating lease rentals	2,042	2,042
Changes in lease payments arising from COVID-19 related rent concessions	-	-

31. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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32. Related party transactions

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the period of account:

Birkett Long LLP - of which P Hoddell is a partner:

The trust received legal services of £4,380 (2021: £690). At the year end £nil (2021: £828) was outstanding which is included in trade creditors.

During the year Mrs K Livingston who is the wife of A Livingston, a SLT member, was employed by the school as a teacher, and was remunerated in accordance with her contract of employment on Band 3 of the pay scale.

During the year Mrs M Russell who is the wife of J Russell, a trustee, was employed by the school as a teacher, and was remunerated in accordance with her contract of employment on Band 3 of the pay scale.

In entering into the transactions above, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

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**NOTES TO THE FINANCIAL STATEMENTS
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33. Academy Boarding Trading Account

	2022 £	2021 £
Income		
Fee income	420,725	380,950
Boarding fee rebates	-	(28,300)
Government grant - CJRS	-	3,061
	<u>420,725</u>	<u>355,711</u>
Direct Costs		
Goods and services	(70,476)	(53,355)
Other direct costs	(7,234)	(17,957)
	<u>(77,710)</u>	<u>(71,312)</u>
Total direct costs	(77,710)	(71,312)
Indirect costs		
Staff costs	(170,543)	(168,939)
Utilities	(47,856)	(40,710)
Bad debts	-	(10,184)
Buildings maintenance	(17,843)	(21,283)
Other indirect costs	(7,639)	(12,376)
	<u>(243,881)</u>	<u>(253,492)</u>
Total indirect costs	(243,881)	(253,492)
Transfer to restricted fixed asset fund	(92,872)	-
	<u>6,262</u>	<u>30,907</u>
Surplus b/fwd at 1 September 2019	228,932	198,025
Surplus c/fwd at 31 August 2020	<u><u>235,194</u></u>	<u><u>228,932</u></u>

34. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2022 the Trust received £14,834 (2021: £12,361) and disbursed £6,609 (2021: £5,896) from the fund. There was a balance of £13,453 (2021: £5,970) at the year end which is included in other creditors.

The Academy Trust collected income on behalf of Essex Music Services of £54,032 (2021: £55,854), and paid over £56,848 (£54,084) during the year. After bank charges of £752 there was a balance at the year end of £1,368.