
CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 8
Governance statement	9 - 12
Statement on regularity, propriety and compliance	13
Statement of Governors' responsibilities	14
Independent auditors' report on the financial statements	15 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21 - 22
Statement of cash flows	23
Notes to the financial statements	24 - 43

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Dr R Mitchell, Chair of Governors Mrs K Henry, Vice Chair Mr S Haberfield, Co-opted Governor Mrs D Mcknight, Chair of Resources Committee
Governors	Mrs J Sheppard, Principal, ex-officio Mrs C Clay, Staff Governor & Business Manager (resigned 31 December 2016) Mrs K Eaton, Staff Governor Mrs F Goodge, Staff Governor (appointed 20 January 2017) Ms L Jenkins, Staff Governor Mrs M Graham, Co-opted Governor Mr M Goldring, LA Governor Mr M Graham, Parent Governor Mrs J Lawrence, Parent Governor Mr W Smith, Parent Governor
Company registered number	08203218 (England and Wales)
Company name	Castle Donington College
Principal and registered office	Castle Donington College Mount Pleasant Castle Donington Leicestershire DE74 2LN
Company secretary	Mr S Haberfield
Senior management team	Mrs J Sheppard, Principal Mr N Barratt, Vice Principal Mrs D Johnson, Asst. Principal Mrs C Clay, Business Manager until 31 January 2017 Mr J Barnard, Business Manager from 31 January 2017
Independent auditors	Bates Weston Audit Ltd Statutory Auditors Chartered Accountants The Mills Canal Street Derby DE1 2RJ

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Bankers

Natwest
7 Hinckley Road
Leicester
LE3 0TQ

HSBC
13 Market Street
Derby
DE74 2JD

Solicitors

Nelsons Law
Provincial House
37 New Walk
Leicester
LE1 6TU

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Governors of Castle Donington College are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Castle Donington College.

Details of the Governors who served during the year are included in the Reference and administrative details on page 1.

b. MEMBERS' LIABILITY

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

c. GOVERNORS' INDEMNITIES

A full insurance indemnity is taken out with the Academy's insurance company covering all members. The policy provides an aggregate cover up to £3,000,000 and is reviewed annually.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The Governing Body and Principal believe it is essential that all new Governors receive a comprehensive induction package covering a broad range of issues and topics. We are all committed to ensure that new Governors are given the necessary information and support to fulfil their role with confidence. We all see this as an investment, leading to more effective governance and retention of Governors. We want to make new Governors welcome to their Governing Body.

New Governors will:

- Be welcomed to the Governing Body by the chair
- Be invited by the Principal to visit the College to experience its atmosphere and understand its ethos
- Have the opportunity to tour the College, meet with staff and pupils
- Have the opportunity to meet with an existing governor who will then act as mentor
- Be encouraged to join committee/s of their choice

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- Be given background material on the College and current issues
- Be encouraged to access training including induction training for Governors

New Governors will receive and be encouraged to read:

- The Department of Education and skill's 'Guide to the Law for Governors'
- Look at the College website as this will contain a large amount of information about the College
- Recent Ofsted Reports and Action Plan
- College Improvement Plan
- Last Principal's report to Governing Body
- Dates of forthcoming governor meetings

Castle Donington College is a member of the National Governors Association and the Leicestershire Governors Development Service, both of which provide extensive advice, information and training including new Governor induction.

e. ORGANISATIONAL STRUCTURE

The Governing Body's role in the College is, essentially, a strategic one. Acting on the advice of the Principal the Governing Body sets aims and objectives for the College, policies and targets which will achieve these aims and objectives. It also monitors the progress of the College towards the achievement of the aims and objectives, continually reviewing progress within the financial framework.

To facilitate this, the working Governing Body has delegated some of its functions to four committees, the Principal and the Senior Leadership Team.

The committees are:–

- Resources – meet every 6-8 weeks. Responsible for revenue and capital income/expenditure, setting and reviewing the budgets, financial standards, staffing, performance management, staff discipline/capability, whole staff structure, premises
- Teaching, Learning and Assessment – meet two weeks after every full Governing Body meeting to discuss the progress and attainment of all pupils and groups of pupils, the quality of teaching and learning, assurance procedures and the current curriculum. Any concerns delivering the curriculum to be taken to another committee
- Health & Safety – meet termly, monitor safeguarding procedures and undertake an annual inspection of the Academy and monitor progress of the H&S action plans in Art & Design, Science and PE Departments
- Pay Committee – meet as and when required
- Pupil Disciplinary – meet as and when required
- Staff Disciplinary – meet as and when required

The Principal is responsible for monitoring monthly expenditure, miscellaneous financial decisions and entering into contracts/agreements provided that they are under £5,000; appointment, disciplinary, dismissal, suspension and performance management of staff; establishing and implementing the curriculum policy, standards of teaching, individual pupil education; premises, safety/well-being of all users and ensuring health and safety regulations are followed.

f. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Salaries are based on the STPCD Performance Pay guidelines and targets & recommendations of pay are formally presented to the Pay Committee in October annually.

The Principal's salary group is based on the college size including pupil numbers and this governs the leadership pay range.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Pay Committee can, if they feel a member of the SLT targets have been exceeded, give a 2 point increase within the set pay range.

All teacher salaries across the College are based on the Standard Teachers Pay & Conditions Document, this is summarised by Leicestershire County Council and our Pay Policy is based on their policy.

RISK MANAGEMENT

The Governors have assessed the major risks to which the College is exposed, in particular those relating to specific teaching areas, provision of facilities and other operational areas of the College, and its finances. This has resulted in a Risk Management Register which is reviewed annually. A review of finances takes place monthly. In addition, we are compliant with the current Academies Handbook and the ESFA SFVS, which was accepted when the College became an academy in October 2012.

All permanent staff, supply staff, contractors/visitors and volunteers are vetted before entering the building. Staff have been issued with a blue identification badge, visitors who hold a DBS are issued with a green badge and non-DBS visitors are issued with a red badge and must be accompanied by a member of staff at all times. We also have an electronic door access system in order to increase the safety of all users of the College – access tokens are not issued to visitors.

The Governors carry out risk checks as part of their monitoring work with Heads of Departments.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The College has a partnership agreement with North West Leicestershire District Council (NWLDC) to enable them to provide recreational and leisure facilities for the community and surrounding villages. They have a mobile gym on site that is available to the public during term-time 09.00 – 21.00 Monday to Thursday, 09.00 – 17.00 Friday and Saturday 09.00-13.00; their other recreational facilities are available during term time from 17.30hrs to 21.30hrs Monday to Thursday and Saturdays 09.00-13.00. During the summer, Easter, February and October half terms NWLDC put on a number of activities for 5 to 12 year olds between 09.00 – 1700hrs.

The College also permits the hire of rooms for local groups and societies.

Objectives and Activities

a. OBJECTS AND AIMS

Castle Donington College challenges all of its pupils to achieve their personal best, in order that they are well prepared for success in later life.

Our pupils come to the College to:-

- Be safe
- Achieve
- Enjoy their learning
- Make progress towards their personal goals, develop commitment towards learning
- Develop their social skills, respect for themselves and others to become good citizens

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

1. Achievement (College Standards)

- Ensure prospects in all years of all abilities make good progress to the end of year milestones
- Further improve outcomes for the Most Able pupils
- Improve outcomes for Disadvantaged Pupils and reduce the gap between them and their non – Disadvantaged peers

2. Teaching (College Standards & QA)

- Develop further quality assurance procedures in order to identify and share best practice
- Improve the quality of teaching so that it is good or better
- Develop strategies to better challenge pupils particularly the Most Able

3. Behaviour, Safety and Attendance

- Improve the attendance rate of all pupils – particular focus on disadvantaged pupils
- Reduce persistent absence – particularly for children with SEN and eligible for FSM
- Evaluate pupils' attitudes to learning to ensure they are happy and feel safe

4. Leadership and Management

- To further improve the quality of governance
- To further improve the quality of middle leadership
- To ensure rigorous and robust Performance Management procedures are linked closely to pay progression
- Secure finance systems, procedures and support services

5. College strategy direction (Chairs and Vice Chairs)

- Improve dialogue between staff and Governors
- Monitor and evaluate change of age range

c. PUBLIC BENEFIT

Castle Donington College's principle objective is to provide education for pupils of all abilities between the ages of 10 – 14 years old. The DfE and the ESFA have agreed that from 2017, the College will become an 11 – 16 school. The Governors' have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Achievements and performance

a. KEY PERFORMANCE INDICATORS

In March 2015, the College was judged by OFSTED as a "Good" school overall (previously "Requires Improvement") with "Outstanding" behaviour and safety (previously "Good").

b. GOING CONCERN

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

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

a. RESERVES POLICY

The majority of our income is from the ESFA in the form of recurrent grants. The grants are received on a monthly basis from the ESFA during the period 1 September 2016 to 31 August 2017 and the associated expenditure is shown in the statement of financial activities.

Within total reserves, the College holds £nil GAG funding and £313,077 of unrestricted funds. Further details are set out in note 17.

The College reserves are retained at this stage for anticipated impact of Age Range Change including additional staffing and impact of ageing staff.

b. MATERIAL INVESTMENTS POLICY

At this moment in time the College has no investments. It is continually reviewing bank balances with their main bankers to ensure funds are obtaining best day to day interest available in the short term.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Governors are aware of the risks that the College faces in the short/medium term. These are:

- Pupil numbers – impact on ESFA funding
- New national funding agreements
- Public Sector Pay decisions
- Success of capital building projects
- Introduction of KS4 curriculum and impact of Age Range Change

d. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The College has a Risk Register; the financial risks to the College are listed below.

Plans for future periods

a. FUTURE DEVELOPMENTS

Achievement (College Standards)

- Ensure prospects in all years of all abilities make good progress to the end of year milestones
- Further improve outcomes for the more able pupils
- Improve outcomes for Disadvantaged Pupils and reduce the gap between them and their non – Disadvantaged peers

Teaching (College Standards & QA)

- Raise the basic standard of teaching so that it is always good and often better than good
- Develop strategies to better challenge more able and disadvantaged pupils to improve their outcomes to progress to end of year milestones
- Implement changes to KS2 and KS3 curriculums

Behaviour, Safety and Attendance

- Improve the attendance rate of disadvantaged pupils
- Reduce persistent absence

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Leadership and Management

- To strategically manage and lead introduction of KS4 curriculum and GCSE courses
- To further improve the quality of governance
- To further improve the quality of middle leadership
- Secure finance systems, procedures, governance and support services

College strategy direction (Chairs and Vice Chairs)

- Improve dialogue between staff and Governors

FUNDS HELD AS CUSTODIAN

The College does not hold such funds.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Governors' report was approved by order of the governing body, as the company directors, on 5 December 2017 and signed on its behalf by:

Dr R Mitchell
Chair of Governors

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The governing body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Castle Donington College and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The governing body has formally met 8 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Dr R Mitchell, Chair of Governors	8	8
Mrs K Henry, Vice Chair	6	8
Mr S Haberfield, Co-opted Governor	8	8
Mr D McKnight, Chair of Resources Committee	7	8
Mr M Graham, Parent Governor	5	8
Mrs M Graham, Co-opted Governor	6	8
Mrs J Lawrence, Parent Governor	8	8
Mr W Smith, Parent Governor	6	8
Ms L Jenkins, Staff Governor	6	8
Mr M Goldring, LA Governor	5	8
Mrs C Clay, Staff Governor & Business Manager (resigned from board 28/11/16)	5	5
Mrs J Sheppard, Principal, ex-officio	8	8
Mrs K Eaton, Staff Governor	5	6
Mrs F Goodge, Staff Governor	3	4

The Resources Committee is a sub-committee of the main governing body. Its main responsibilities are:

- review of annual budget
- regular monitoring of actual expenditure and income against budget for the college
- authorising orders/contracts over £5,000
- reviewing and updating of Development Plan
- staffing structure, succession planning and issues
- ensuring annual accounts are produced in accordance with the requirements of the Companies Act 2006 and DfE guidance issued to academies
- reviewing reports of the Responsible Officer on the effectiveness of the finance procedures and controls.

All reports must also be reported to the full governing body.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr D McKnight - Chair	4	5
Mrs K Henry	5	5
Mr S Haberfield	5	5
Dr R Mitchell	4	5
Mrs C Clay - Business Manager to 31/1/17	3	3
Mrs J Sheppard - Principal	5	5
Mr J Barnard - Business Manager from 31/1/17	3	3
Mr M Graham	4	5

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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 governing body 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:

- The Governors Resources Committee have discussed/minuted staffing levels and regularly looked at succession planning, as well as development of current staff to meet changes to teaching and learning with considerable increase in CPD in preparation for Age Range Change in 2017.
- The College is dedicated in its focus on the experiences and outcomes of all pupils regardless of economic status; ability; disability; gender; race; religion; age or sexual orientation.
- Disadvantaged Pupils funding is used to improve outcomes for our most disadvantaged students to help pupils catch up learning missed and check for and eradicate misconceptions.
- 55% of all pupils achieved the expected standard or above in Reading, Writing and Maths combined. 69% of pupils in reading, 83% in Writing and 66% in Maths achieved the expected standard or better. By subject, percentage of pupils reaching the Higher standard was 23% in Reading, 30% in Writing and 10% in Maths. 38% of our Disadvantaged cohort achieved the expected standard or above at KS2 for Reading, Writing and Maths combined compared to 60% of non-Disadvantaged pupils.
- All pupils have the opportunity to attend residential, activity & curriculum trips/visits.
- The College has continued to use many of the services offered by the LA who have very competitive prices for their services and expertise. This has also enabled us to keep up to date with statutory issues i.e. HR, Pensions Returns, Payroll, H&S and attendance etc. In addition, we have remained members of local collaborative groups which provide opportunities to share ideas, activities and CPD for staff. The College Principal is an OFSTED inspector. She has been able to more effectively, train staff in accountability measures.
- Data for pupils attainment is now collected and analysed at 6 times each year, once per half term. Pupils not making the required progress were identified and intervention strategies were put in place to help them achieve their expected progress. Disadvantaged pupils were monitored more closely and strategies were put in place to assist them in making similar progress to their peers. Other assistance was given/offered to these pupils in line with the guidelines for the use of the Pupil Premium Funding.
- Data for Attendance and behaviour is collated daily with measures in place to monitor poor attendance and a "stepped" system to intervene with poor behaviour as it arises. Overall attendance for KS2 pupils was 97.1% above the National figure. Attendance of our KS2 disadvantaged cohort was 96.4% compared to 97.3% of non-disadvantaged pupils.
- Behaviour monitoring shows Incidents of poor behaviour are rare and dealt with effectively and internally. There were three fixed term (2.5 days) exclusions in 2016 – 2017 and no permanent exclusions.
- Data for pupil attainment, behaviour & attendance is readily accessible from our SIMs software (MIS package).

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- At all times the Academy has followed the Academies Handbook & CDC Finance Policy to ensure that all financial procedures are adhered to. Best Value for money quotations are obtained for works/services/materials purchased. Financial audit has been carried out by the LA acting as the Responsible Officer (RO) and Bates Weston Accountants, who have compiled the financial reports.
- The College invested in an online payment service for parents to pay for trips. This improves efficiency for the Administrative team and provides a secure and convenient service.
- The College was awarded ESFA funding to upgrade the heating system and extend the heating throughout the Design department. This will improve the T&L environment and reduce running costs for the College as well as reducing the carbon footprint.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Castle Donington College for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

THE RISK AND CONTROL FRAMEWORK

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

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

The governing body has considered the need for a specific internal audit function and has decided to appoint the Local Authority as internal auditor due to the retirement of the incumbent Business Manager.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

An in-depth audit and report on financial procedures has been carried out by the LA and an action plan was produced and reported to the Resources Committee. There were no procedural issues for the Governing Body to act on this audit during the financial year ended 31 August 2017.

On an annual basis, the internal auditor reports to the governing body through the audit committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 5 December 2017 and signed on their behalf, by:

Dr R Mitchell
Chair of Governors

Mrs J Sheppard
Principal

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Castle Donington College I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust 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 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.

Mrs J Sheppard
Principal

Date: 5 December 2017

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who act as governors of Castle Donington College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued 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 Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Governors 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 Governors 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 Governors 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 governing body on 5 December 2017 and signed on its behalf by:

Dr R Mitchell
Chair of Governors

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CASTLE
DONINGTON COLLEGE**

OPINION

We have audited the financial statements of Castle Donington College (the 'academy') for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2015 and the Academies Accounts Direction 2016 to 2017 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 2017 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 2015 and the Academies Accounts Direction 2016 to 2017 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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. 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.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CASTLE
DONINGTON COLLEGE**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Governors' report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report has 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 Governors' 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 Governors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' responsibilities, the Governors (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 Governors 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 Governors 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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CASTLE
DONINGTON COLLEGE**

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.

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.

USE OF OUR REPORT

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Wayne Thomas ACA (Senior Statutory Auditor)
for and on behalf of
Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ
15 December 2017

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CASTLE
DONINGTON COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 September 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Castle Donington College during the year 1 September 2016 to 31 August 2017 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 Castle Donington College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Castle Donington College and the 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 Castle Donington College and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CASTLE DONINGTON COLLEGE'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Castle Donington College's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the 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.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CASTLE
DONINGTON COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wayne Thomas ACA

Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

15 December 2017

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	-	173,966	173,966	-
Charitable activities	3	-	2,012,521	-	2,012,521	2,080,049
Other trading activities	4	45,303	-	-	45,303	56,067
Investments	5	717	-	-	717	3,096
TOTAL INCOME		<u>46,020</u>	<u>2,012,521</u>	<u>173,966</u>	<u>2,232,507</u>	<u>2,139,212</u>
EXPENDITURE ON:						
Charitable activities		-	2,333,365	41,822	2,375,187	2,330,573
TOTAL EXPENDITURE	8	<u>-</u>	<u>2,333,365</u>	<u>41,822</u>	<u>2,375,187</u>	<u>2,330,573</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	46,020 (259,489)	(320,844) 219,166	132,144 40,323	(142,680) -	(191,361) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(213,469)	(101,678)	172,467	(142,680)	(191,361)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	309,000	-	309,000	(187,000)
NET MOVEMENT IN FUNDS		<u>(213,469)</u>	<u>207,322</u>	<u>172,467</u>	<u>166,320</u>	<u>(378,361)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		526,546	(949,322)	3,277,046	2,854,270	3,232,631
TOTAL FUNDS CARRIED FORWARD		<u>313,077</u>	<u>(742,000)</u>	<u>3,449,513</u>	<u>3,020,590</u>	<u>2,854,270</u>

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)
REGISTERED NUMBER: 08203218 (ENGLAND AND WALES)

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		3,325,414		3,277,046
CURRENT ASSETS					
Debtors	14	36,375		14,823	
Cash at bank and in hand		597,734		686,143	
		<u>634,109</u>		<u>700,966</u>	
CREDITORS: amounts falling due within one year	15	<u>(157,276)</u>		<u>(146,742)</u>	
NET CURRENT ASSETS			476,833		554,224
TOTAL ASSETS LESS CURRENT LIABILITIES			3,802,247		3,831,270
CREDITORS: amounts falling due after more than one year	16		<u>(39,657)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,762,590		3,831,270
Defined benefit pension scheme liability	22		<u>(742,000)</u>		<u>(977,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,020,590		2,854,270

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	-		27,678	
Restricted fixed asset funds	17	3,449,513		3,277,046	
		<u>3,449,513</u>		<u>3,304,724</u>	
Restricted income funds excluding pension liability		3,449,513		3,304,724	
Pension reserve		(742,000)		(977,000)	
		<u>2,707,513</u>			2,327,724
Total restricted income funds			<u>2,707,513</u>		2,327,724
Unrestricted income funds	17		313,077		526,546
			<u>3,020,590</u>		<u>2,854,270</u>
TOTAL FUNDS			<u><u>3,020,590</u></u>		<u><u>2,854,270</u></u>

The financial statements on pages 20 to 43 were approved by the Governors, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

Dr R Mitchell
Chair of Governors

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

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	19	<u>(223,602)</u>	<u>(88,156)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		716	3,092
Purchase of tangible fixed assets		(81,790)	-
Capital grants from DfE/ESFA		173,966	-
Net cash provided by investing activities		<u>92,892</u>	<u>3,092</u>
Cash flows from financing activities:			
Cash inflows from new borrowing		42,301	-
Net cash provided by financing activities		<u>42,301</u>	<u>-</u>
Change in cash and cash equivalents in the year		(88,409)	(85,064)
Cash and cash equivalents brought forward		<u>686,143</u>	<u>771,207</u>
Cash and cash equivalents carried forward	20	<u><u>597,734</u></u>	<u><u>686,143</u></u>

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

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 trust, which is a public benefit entity under FRS 102, have been prepared under the historical 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Castle Donington College constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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 charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £10,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	1% on cost (excluding land)
Improvements to Leasehold Property	-	4% on cost

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

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

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

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

1.7 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.8 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.

1.9 Liabilities and provisions

Liabilities and provisions 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. 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.

1.10 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 basis 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 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

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 costs as detailed in notes 15 and 16. 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 instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the academy trust 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 incorporating income and expenditure account 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.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Fund accounting

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

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

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

1.14 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Capital Grants	-	-	173,966	173,966	-

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,825,066	1,825,066	1,894,667
Pupil premium (disadvantaged pupils)	-	74,740	74,740	66,055
Other grants and payments	-	55,913	55,913	60,527
Rates reimbursement	-	14,846	14,846	9,636
Insurance reimbursement	-	-	-	1,926
	-	1,970,565	1,970,565	2,032,811
Other funding				
Parental contributions towards educational trips	-	41,956	41,956	47,238
	-	41,956	41,956	47,238
	-	2,012,521	2,012,521	2,080,049
<i>Total 2016</i>	-	2,080,049	2,080,049	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Local council partnership	24,058	-	24,058	25,080
Other recoverable charges	11,437	-	11,437	18,836
Hire of facilities	7,320	-	7,320	8,366
Sundry income	2,488	-	2,488	3,785
	45,303	-	45,303	56,067
<i>Total 2016</i>	56,067	-	56,067	

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Short term deposits	717	-	717	3,096
<i>Total 2016</i>	3,096	-	3,096	

6. DIRECT COSTS

	Educational Operations £	Total 2017 £	<i>Total 2016 £</i>
Educational supplies	55,284	55,284	37,606
Staff development	8,045	8,045	7,153
Technology costs	28,772	28,772	39,307
Travel, subsistence and educational visits	41,794	41,794	48,237
Wages and salaries	1,221,149	1,221,149	1,221,776
National insurance	116,898	116,898	98,844
Pension cost	195,944	195,944	190,114
	1,667,886	1,667,886	1,643,037
<i>Total 2016</i>	1,643,037	1,643,037	

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. SUPPORT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Recruitment	9,204	9,204	6,689
Maintenance of premises	40,486	40,486	30,451
Rates and utilities	50,754	50,754	66,085
Insurance	16,350	16,350	16,113
Technology costs	11,666	11,666	20,652
Equipment	16,107	16,107	1,419
Printing, postage and stationery	8,586	8,586	13,789
Bought in services	106,263	106,263	129,337
Other support costs	36,056	36,056	35,728
Governance costs	8,975	8,975	8,100
Other pension costs	74,000	74,000	52,000
Wages and salaries	229,900	229,900	216,907
National insurance	17,748	17,748	14,755
Pension cost	47,784	47,784	42,089
Depreciation	33,422	33,422	33,422
	<u>707,301</u>	<u>707,301</u>	<u>687,536</u>
<i>Total 2016</i>	<u>687,536</u>	<u>687,536</u>	

8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations:					
Direct costs	1,533,991	-	133,895	1,667,886	1,643,037
Support costs	295,432	106,324	305,545	707,301	687,536
	<u>1,829,423</u>	<u>106,324</u>	<u>439,440</u>	<u>2,375,187</u>	<u>2,330,573</u>
<i>Total 2016</i>	<u>1,784,485</u>	<u>129,958</u>	<u>416,130</u>	<u>2,330,573</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	33,422	33,422
Auditors' Remuneration	5,600	5,525
Operating lease payments	8,432	7,602
	<u>47,454</u>	<u>46,549</u>

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,451,049	1,423,183
Social security costs	134,646	113,599
Operating costs of defined benefit pension schemes	243,728	232,203
	1,829,423	1,768,985
Staff restructuring costs	-	15,500
	1,829,423	1,784,485

Staff restructuring costs comprise:

Redundancy payments	-	4,500
Severance payments	-	11,000
	-	15,500
	-	15,500

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

	2017	2016
	No.	No.
Teachers	25	25
Administration and Support	27	30
Management	4	4
	56	59
	56	59

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	0	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for this employee amounted to £11,312 (2016: £22,314).

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £271,692 (2016: £271,787)

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2017	2016
		£	£
Mrs J Sheppard, Principal, ex-officio	Remuneration	65,000-70,000	<i>65,000-70,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
Mrs C Clay, Staff Governor & Business Manager (resigned 31 December 2016)	Remuneration	20,000-25,000	<i>45,000-50,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
Mrs K Eaton, Staff Governor	Remuneration	40,000-45,000	
	Pension contributions paid	5,000-10,000	
Ms L Jenkins, Staff Governor	Remuneration	35,000-40,000	<i>10,000-15,000</i>
	Pension contributions paid	5,000-10,000	<i>0-5,000</i>
Mrs F Goodge, Staff Governor	Remuneration	20,000-25,000	
	Pension contributions paid	0-5,000	

During the year ended 31 August 2017, no Governors received any reimbursement of expenses (2016 - £Nil).

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim. The cost of the insurance is included in the total insurance cost.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TANGIBLE FIXED ASSETS

	Long-term Leasehold property £	Improve- ments to Leasehold Property £	Total £
Cost			
At 1 September 2016	2,911,300	480,225	3,391,525
Additions	-	81,790	81,790
At 31 August 2017	<u>2,911,300</u>	<u>562,015</u>	<u>3,473,315</u>
Depreciation			
At 1 September 2016	56,852	57,627	114,479
Charge for the year	14,213	19,209	33,422
At 31 August 2017	<u>71,065</u>	<u>76,836</u>	<u>147,901</u>
Net book value			
At 31 August 2017	<u>2,840,235</u>	<u>485,179</u>	<u>3,325,414</u>
At 31 August 2016	<u>2,854,448</u>	<u>422,598</u>	<u>3,277,046</u>

14. DEBTORS

	2017 £	2016 £
VAT recoverable	26,452	6,278
Prepayments and accrued income	9,923	8,545
	<u>36,375</u>	<u>14,823</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	66,456	59,781
Other creditors	25,812	21,800
Accruals and deferred income	65,008	65,161
	<u>157,276</u>	<u>146,742</u>

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	48,607	33,881
Resources deferred during the year	50,582	48,607
Amounts released from previous years	(48,607)	(33,881)
	50,582	48,607
Deferred income at 31 August 2017	50,582	48,607

At the balance sheet date, funds of £21,490 were held for pupil premium, £10,351 for devolved formula capital, £12,115 for high needs funding and £6,626 for future trips, all of which relate to the 2017/18 year.

Included within other creditors is £2,644 relating to a Salix loan of £42,301 from DfE which is provided on an interest-free basis with capital repayments based on the savings produced through reduced energy bills.

16. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other creditors	39,657	-
	39,657	-

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	13,217	-
	13,217	-

Other creditors relates entirely to the Salix loan on the same terms as described within note 15.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	526,546	46,020	-	(259,489)	-	313,077
Restricted funds						
General Annual Grant (GAG)	-	1,825,066	(2,072,072)	247,006	-	-
Other DFE/ESFA Grants	-	145,499	(145,499)	-	-	-
Other funding	27,678	41,956	(41,794)	(27,840)	-	-
Pension reserve	(977,000)	-	(74,000)	-	309,000	(742,000)
	<u>(949,322)</u>	<u>2,012,521</u>	<u>(2,333,365)</u>	<u>219,166</u>	<u>309,000</u>	<u>(742,000)</u>
Restricted fixed asset funds						
Leasehold property	2,854,448	-	(14,213)	-	-	2,840,235
Improvements to leasehold property	422,598	81,790	(19,209)	-	-	485,179
Capital grants	-	92,176	(8,400)	40,323	-	124,099
	<u>3,277,046</u>	<u>173,966</u>	<u>(41,822)</u>	<u>40,323</u>	<u>-</u>	<u>3,449,513</u>
Total restricted funds	<u>2,327,724</u>	<u>2,186,487</u>	<u>(2,375,187)</u>	<u>259,489</u>	<u>309,000</u>	<u>2,707,513</u>
Total of funds	<u><u>2,854,270</u></u>	<u><u>2,232,507</u></u>	<u><u>(2,375,187)</u></u>	<u><u>-</u></u>	<u><u>309,000</u></u>	<u><u>3,020,590</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds	540,295	59,163	(14,789)	(58,123)	-	526,546
	<u>540,295</u>	<u>59,163</u>	<u>(14,789)</u>	<u>(58,123)</u>	<u>-</u>	<u>526,546</u>

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	91,842	1,894,667	(2,044,632)	58,123	-	-
Other DFE/ESFA Grants	-	142,571	(142,571)	-	-	-
Other funding	28,026	42,811	(43,159)	-	-	27,678
Pension reserve	(738,000)	-	(52,000)	-	(187,000)	(977,000)
	<u>(618,132)</u>	<u>2,080,049</u>	<u>(2,282,362)</u>	<u>58,123</u>	<u>(187,000)</u>	<u>(949,322)</u>

Restricted fixed asset funds

Leasehold property	2,868,661	-	(14,213)	-	-	2,854,448
Improvements to leasehold property	441,807	-	(19,209)	-	-	422,598
	<u>3,310,468</u>	<u>-</u>	<u>(33,422)</u>	<u>-</u>	<u>-</u>	<u>3,277,046</u>
Total restricted funds	<u>2,692,336</u>	<u>2,080,049</u>	<u>(2,315,784)</u>	<u>58,123</u>	<u>(187,000)</u>	<u>2,327,724</u>
Total of funds	<u><u>3,232,631</u></u>	<u><u>2,139,212</u></u>	<u><u>(2,330,573)</u></u>	<u><u>-</u></u>	<u><u>(187,000)</u></u>	<u><u>2,854,270</u></u>

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

Restricted funds

This fund represents grants and other income received for the Academy's operational activities and development.

Pension reserve

The pension reserve included within restricted funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

This fund represents grants received from the DfE and ESFA to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,325,414	3,325,414
Current assets	313,077	154,632	166,400	634,109
Creditors due within one year	-	(154,632)	(2,644)	(157,276)
Creditors due in more than one year	-	-	(39,657)	(39,657)
Provisions for liabilities and charges	-	(742,000)	-	(742,000)
	<u>313,077</u>	<u>(742,000)</u>	<u>3,449,513</u>	<u>3,020,590</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	3,277,046	3,277,046
Current assets	526,546	174,420	-	700,966
Creditors due within one year	-	(146,742)	-	(146,742)
Provisions for liabilities and charges	-	(977,000)	-	(977,000)
	<u>526,546</u>	<u>(949,322)</u>	<u>3,277,046</u>	<u>2,854,270</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(142,680)	(191,361)
Adjustment for:		
Depreciation charges	33,422	33,422
Dividends, interest and rents from investments	(716)	(3,092)
(Increase)/decrease in debtors	(21,552)	3,515
Increase in creditors	7,890	17,360
Capital grants from DfE and other capital income	(173,966)	-
Defined benefit pension scheme cost less contributions payable	54,000	24,000
Defined benefit pension scheme finance cost	20,000	28,000
Net cash used in operating activities	<u>(223,602)</u>	<u>(88,156)</u>

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	597,734	686,143
Total	<u>597,734</u>	<u>686,143</u>

21. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>142,000</u>	<u>-</u>

22. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £31,184 were payable to the schemes at 31 August 2017 (2016 - 27,851) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £176,078 (2016 - £170,284).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £87,000 (2016 - £80,000), of which employer's contributions totalled £68,000 (2016 - £62,000) and employees' contributions totalled £19,000 (2016 - £18,000). The agreed contribution rates for future years are 23.39% for employers and 5.5-12.5% for employees.

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

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	24.2
Females	26.2	26.6

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate -0.5%	174,000	210,000
Increase in salaries +0.5%	27,000	74,000
Pensions in payment / inflation +0.5%	144,000	13,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	688,760	640,800
Bonds	205,600	160,200
Property	82,240	80,100
Cash and other liquid assets	51,400	8,900
Total market value of assets	<u>1,028,000</u>	<u>890,000</u>

The actual return on scheme assets was £98,000 (2016 - £151,000).

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost (net of employer contributions)	54,000	24,000
Interest cost	38,000	54,000
Expected return on employer assets	(18,000)	(26,000)
	<u>74,000</u>	<u>52,000</u>
Total	<u><u>74,000</u></u>	<u><u>52,000</u></u>

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

	2017 £	2016 £
Opening defined benefit obligation	1,867,000	1,410,000
Estimated benefits paid	(47,000)	(13,000)
Actuarial (gains)/losses	(229,000)	312,000
Past service costs	-	2,000
Current service cost	122,000	84,000
Interest cost	38,000	54,000
Contributions by members	19,000	18,000
	<u>1,770,000</u>	<u>1,867,000</u>
Closing defined benefit obligation	<u><u>1,770,000</u></u>	<u><u>1,867,000</u></u>

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

	2017 £	2016 £
Opening fair value of scheme assets	890,000	672,000
Interest income	18,000	26,000
Actuarial gains	80,000	125,000
Estimated benefits paid	(47,000)	(13,000)
Contributions by members	19,000	18,000
Contributions by the employer	68,000	62,000
	<u>1,028,000</u>	<u>890,000</u>
Closing fair value of scheme assets	<u><u>1,028,000</u></u>	<u><u>890,000</u></u>

CASTLE DONINGTON COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	4,033	4,033
Between 1 and 5 years	5,041	9,074
Total	<u>9,074</u>	<u>13,107</u>

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of the account

26. CONTROLLING PARTY

The ultimate controlling party of the Academy is the Board of Governors.