

Company Registration No. 07850292 (England and Wales)

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 16 NOVEMBER 2011 TO 31 AUGUST 2012

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Governors

I M Fytche
R H Brown
Mrs J E Burrows
G R Greatwood
B J Fines
Mrs A Gale
Cllr Mrs S Woolley
I J G Mears
I Ford
P J Hyland
Mrs J Organ
M Ward
Dr I M Wheatley
Mrs M Armstrong
N Smith
Dr C Atherton
J P Maddox
L Taylor
R J Parker

Company secretary

Mrs D Weston

Director of Business

Mrs J Gray

Company number

07850292

Principal address

South Road
Bourne
PE10 9JE

Registered office

South Road
Bourne
PE10 9JE

Auditors

Rawlinsons Chartered Accountants
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Bankers

Lloyds TSB plc
30-31 Long Causeway
Peterborough
PE1 1XP

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

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BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

The governors present their report and accounts for the period ended 31 August 2012.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the academy's Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Structure, governance and management

The academy trust was incorporated on 16 November 2011, it is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association, dated 16 November 2011 are the primary governing documents of the academy trust.

From the period 16 November 2011 to 31 December 2011 the company remained dormant. The activities, assets and liabilities of the previous local authority school transferred into the company on 1 January 2012, and consequently these financial statements detail the active operations of the academy for the eight month period from 1 January 2012 to 31 August 2012.

On conversion at 1 January 2012 the operations of the previous local authority school were transferred into the company. The assets and liabilities of the previous school were also transferred into the company and three 125 year term leases were entered into to secure the land and premises from which the school operates.

The governors act as the trustees for the charitable activities of Bourne Grammar School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Bourne Grammar School.

The objective of the academy is to advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The direction of the academy is shaped by the School Development Plan.

The governing body and its committees will act as a 'critical friend' by offering an external perspective to the Headteacher and the academy through:

- Monitoring its work;
- Offering support and advice;
- Providing an external opinion;
- Asking challenging questions and requiring satisfactory answers;
- Offering constructive criticism where appropriate.

The governors, who are also the directors for the purpose of company law, and who served during the period were:

I M Fytche	(Appointed 16 November 2011)
R H Brown	(Appointed 16 November 2011)
Mrs J E Burrows	(Appointed 16 November 2011)
G R Greatwood	(Appointed 16 November 2011)
B J Fines	(Appointed 16 November 2011)
Mrs A Gale	(Appointed 16 November 2011)
Cllr Mrs S Woolley	(Appointed 16 November 2011)
I J G Mears	(Appointed 16 November 2011)
I Ford	(Appointed 16 November 2011)
P J Hyland	(Appointed 16 November 2011)
Mrs J Organ	(Appointed 16 November 2011)
M Ward	(Appointed 16 November 2011)
M Welsh	(Appointed 16 November 2011 and resigned 11 July 2012)
Dr I M Wheatley	(Appointed 16 November 2011)
Mrs M Armstrong	(Appointed 16 November 2011)

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

J Mehta	(Appointed 16 November 2011 and resigned 31 August 2012)
Dr C Atherton	(Appointed 25 April 2012)
J P Maddox	(Appointed 16 November 2011)
C Gledhill	(Appointed 16 November 2011 and resigned 17 April 2012)
D Briggs-Fish	(Appointed 16 November 2011 and resigned 9 May 2012)

Method of recruitment and appointment or election of Governors

Subject to Articles 48-49 and 64, the academy trust shall have the following governors:

- Up to 5 governors, appointed under Article 50.
- 7 parent governors appointed under Articles 53-58. A parent governor shall be elected by parents of registered pupils at the academy. A parent governor must be a parent of the pupil at the academy at the time when he is elected.
- 3 staff governors, comprising 2 teachers and 1 support staff, subject to Article 50A. The staff governors shall be elected by staff members at the academy. A staff governor must be a staff member at the time he is elected. If a staff governor ceases to be a staff member then he shall deem to have resigned and shall cease to be a governor.
- 4 foundation governors, appointed under Article 51
- The Headteacher
- Any additional governors, if appointed under Article 62, 62A or 68A; and
- Any further governors, if appointed under Article 63 or Article 68A.

The term of office for any governor shall be 4 years, save that

- This time limit shall not apply to the Headteacher
- A staff governor shall only hold office for so long as he continues to be employed by the academy trust.

The training and induction provided for new Governors depends on their existing experience. Where necessary induction provides training on charity and educational legal and financial matters. All Governors are provided with copies of terms of reference, policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

Member's liability and Governors' indemnities

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. All governors' are appointed as legal members of the company.

From the articles' to provide indemnity insurance to cover the liability of governors which by virtue of any rule of law should otherwise attach to them in respect of any negligence, breach of trust or breach of duty of which they may be guilty in relation to the academy trust. Provided that any such insurance shall not extend to any claim arising from any act or omission, which the governors knew to be in breach of trust or breach of duty, and provided also that any such insurance shall not extend to costs of any unsuccessful defence to a criminal prosecution against the governors in their capacity as governors.

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Organisational structure

The Headteacher, as the principal leader and manager for the academy, is responsible for the internal organisation, management and control of the academy, for advising the governors and for implementing the School Development Plan. The Headteacher is supported by members of the leadership team, each with their own clearly defined role and portfolio.

The Headteacher:

- Has overall executive responsibilities for the academy's activities, including all financial activities;
- Formulates aims and objectives of the academy for adoption, modification or rejection by the governing body;
- Formulates policies and targets for the governing body to consider;
- Reports to the governing body on progress;
- Puts into practice the policies agreed by the governing body.

The governing body delegates to the following committees, each with their own terms of reference and scheme of delegation:

- Finance & Premises
- Curriculum & Personnel
- Pastoral & Community
- Disciplinary

Related parties have been identified by the trustees in their annual disclosures of pecuniary interests. Further details are disclosed in note 26.

Risk management

The governors are responsible for identifying risks faced by the charitable company, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with the guidelines issued by the Charity Commission.

Objectives and activities

To offer all students registered on roll at Bourne Grammar School a broad and balanced curriculum in line with the academy's visions and values.

The Headteacher leads the development and implementation of the School Development Plan. The Headteacher and Governing Body are responsible for monitoring the progress and success of the School development Plan.

Public benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year. The governors consider that the academy's aims are demonstrably to the public benefit.

Achievements and performance

1. 2012 GCSE Performance

- 35.1% achieved 5+ A* - A grades including English and Mathematics.
- 77.0% achieved 5+ A* - B grades including English and Mathematics.
- 95.3% achieved 5+ A* - C grades including English and Mathematics.

2. 2012 A Level Performance

- 27.8% achieved A* - A A Level grades.
- 59.5% achieved A* - B A Level grades.
- 87.9% achieved A* - C A Level grades.

BOURNE GRAMMAR SCHOOL (A COMPANY LIMITED BY GUARANTEE) GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

3. Additional Year 7 places

The previous Published Admissions Number (PAN) for year 7 was 150 places. This will increase to 180 from September 2012.

4. 2012/13 Academies Capital Maintenance Fund (ACMF)

At the beginning of March 2012 the school had the opportunity to bid for a share of the £250million ACMF allocation for 2012/13. A bid was submitted for refurbishing and re-modelling parts of the school estate in response to changes in the curriculum and expansion of student numbers. The total value of the project was £927k with £762k being the amount requested from the fund.

Notification of the allocation of funding was received on 25th June 2012 and the school were awarded the full £762k as requested. The result is outstanding given the tough competition; applications were received from 1071 academies for 2465 projects totalling £1.16 billion. £250 million was allocated to 571 academies for 773 projects. The average allocation was £323k per project and £438k per academy.

Bidding for the 2013/14 round of the ACMF fund opens in November 2012 and the school will be submitting bids for the refurbishment of the remaining science laboratories including the building of 2 new laboratories and for an extension to the Sports Hall and associated changing room and toilet facilities.

Financial review

The academy held fund balances at 31 August 2012 of £10,559,790 comprising £10,133,219 of restricted funds and £426,571 of unrestricted general funds. Of the restricted funds, £10,894,768 is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £777,000 in deficit.

Plans for the future

Future plans for the school include:

- Improving school facilities by increasing the size of the Sports Hall, increasing the size of the associated changing room provision and the refurbishment of the remainder of the Science laboratories including the building of 2 additional laboratories. These projects will be bid for from the 2013/14 academies Capital Maintenance Fund allocation.
- Increasing the number of academic A Level subjects offered to Sixth Form students with the introduction of Economics, Law, Italian and Systems & Control.

Disclosure of information to auditors

The Governors have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

Auditors

A resolution proposing that Rawlinsons Chartered Accountants be reappointed as auditors of the company will be put to the members.

On behalf of the board of governors

I M Fytche

Chair of Governors

Dated: 5 December 2012

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
GOVERNANCE STATEMENT**

FOR THE PERIOD ENDED 31 AUGUST 2012

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Bourne 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.

The governing body has delegated the day-to-day responsibility to Mr J Maddox, 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 Bourne Grammar School 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 4 times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mrs M Armstrong	4	4
Dr C Atherton	2	2
R H Brown	3	4
Mrs J E Burrows	4	4
B J Fines	2	4
I Ford	3	4
I M Fytche	4	4
Mrs A Gale	3	4
G R Greatwood	4	4
P J Hyland	3	4
J P Maddox	4	4
I J G Mears	4	4
Mrs J Organ	3	4
M Ward	3	4
Dr I M Wheatley	4	4
Cllr Mrs S Woolley	4	4
M Welsh	3	4
J Mehta	3	4
D Briggs-Fish	3	3

The Finance and Premises Committee is a sub-committee of the main governing body. Its purpose is to advise the Board of Governors in accordance with the terms of reference approved by the full governing body. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
I M Fytche	3	3
G R Greatwood	3	3
J P Maddox	2	3
I J G Mears	3	3
M Ward	3	3
Cllr Mrs S Woolley	3	3
M Welsh	2	3
D Briggs-Fish	1	1

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

The purpose of the system on 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 trust 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 Bourne Grammar School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2012 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 trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance and Premises 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 have decided to appoint Rawlinsons Chartered Accountants to perform the Responsible Officer checks. The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the finance and premises committee on the operation of the systems of control and on the discharge of the governing Body's financial responsibilities.

The RO function has been delivered within EFA guidelines during the period.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
GOVERNANCE STATEMENT**

FOR THE PERIOD ENDED 31 AUGUST 2012

Review of effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust 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 Finance and Premises 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 2012 and signed on its behalf by:

Mr I M Fytche
Chair of Governors

Mr J P Maddox
Accounting Officer

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE PERIOD ENDED 31 AUGUST 2012

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

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

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

Mr J P Maddox
Accounting Officer

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2012

The governors (who act as trustees for charitable activities of Bourne Grammar School 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 Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 the EFA/DfE have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the 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 2012 and signed on its behalf by:

I M Fytche
Chair of Governors

BOURNE GRAMMAR SCHOOL (A COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL

We have audited the financial statements of Bourne Grammar School for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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 trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the statement of governors' responsibilities, the governors, who are also the directors of Bourne Grammar School for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL**

Matters on which we are required to report by exception

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

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

**Mark Jackson FCA DChA, (Senior Statutory Auditor)
for and on behalf of Rawlinsons Chartered Accountants**

Chartered Accountants

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Dated: 10 December 2012

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON
REGULARITY
TO BOURNE GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bourne Grammar School during the period 1 January 2012 to 31 August 2012 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 Bourne Grammar School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bourne Grammar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bourne Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Bourne Grammar School funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 January 2012 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

- a review of the activities of the academy, by reference to sources of income and other information available to us;
- sample testing of expenditure, including payroll;
- a review of minutes of Governors' meetings.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON
REGULARITY (CONTINUED)
TO BOURNE GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 January 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Mark Jackson FCA DChA,
for and on behalf of Rawlinsons Chartered Accountants**

Chartered Accountants

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Dated: 10 December 2012

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	Unrestricted funds £	Designated funds £	Restricted General funds £	Restricted Fixed Asset funds £	Total 2012 £
<u>Incoming resources from generated funds</u>						
Donations and legacies	3	141,678	238,297	(717,000)	10,805,917	10,468,892
Activities for generating funds		5,072	-	-	-	5,072
Investment income	4	372	1,714	-	-	2,086
		<u>147,122</u>	<u>240,011</u>	<u>(717,000)</u>	<u>10,805,917</u>	<u>10,476,050</u>
Incoming resources from charitable activities	5	51,792	157,502	3,150,274	172,914	3,532,482
Total incoming resources		<u>198,914</u>	<u>397,513</u>	<u>2,433,274</u>	<u>10,978,831</u>	<u>14,008,532</u>
<u>Resources expended</u>						
Costs of generating funds						
Costs of generating donations and legacies	6	-	1,609	-	-	1,609
Net incoming resources available		<u>198,914</u>	<u>395,904</u>	<u>2,433,274</u>	<u>10,978,831</u>	<u>14,006,923</u>
Charitable activities						
Core educational operations		21,774	130,444	3,041,500	153,602	3,347,320
Governance costs	9	-	-	68,813	-	68,813
Total resources expended		<u>21,774</u>	<u>132,053</u>	<u>3,110,313</u>	<u>153,602</u>	<u>3,417,742</u>
Net incoming/(outgoing) resources before transfers		<u>177,140</u>	<u>265,460</u>	<u>(677,039)</u>	<u>10,825,229</u>	<u>10,590,790</u>
Transfers between funds		(116,029)	100,000	(53,510)	69,539	-
Net incoming/(outgoing) resources		<u>61,111</u>	<u>365,460</u>	<u>(730,549)</u>	<u>10,894,768</u>	<u>10,590,790</u>
Other recognised gains and losses						
Actuarial loss on defined benefit pension schemes		-	-	(31,000)	-	(31,000)
Net income / (expenditure) for the year		<u>61,111</u>	<u>365,460</u>	<u>(761,549)</u>	<u>10,894,768</u>	<u>10,559,790</u>
Fund balances at 16 November 2011		-	-	-	-	-
Fund balances at 31 August 2012		<u>61,111</u>	<u>365,460</u>	<u>(761,549)</u>	<u>10,894,768</u>	<u>10,559,790</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

All of the academy's activities derive from the current financial period.

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

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £	£
Fixed assets			
Tangible assets	13		10,840,521
Current assets			
Stocks		22,125	
Debtors	14	111,404	
Cash at bank and in hand		660,514	
		<u>794,043</u>	
Creditors: amounts falling due within one year	15	<u>(297,774)</u>	
Net current assets			<u>496,269</u>
Total assets less current liabilities			11,336,790
Defined benefit pension liability			<u>(777,000)</u>
Net assets			<u><u>10,559,790</u></u>
Funds of the Academy:			
Restricted funds			
Restricted fixed asset fund	17		10,894,768
Restricted general fund:	18		
Other restricted funds		15,451	
Pension reserve		<u>(777,000)</u>	
			<u>(761,549)</u>
Unrestricted funds			
General fund		61,111	
Designated funds	19	<u>365,460</u>	
			<u>426,571</u>
Total funds			<u><u>10,559,790</u></u>

The accounts were approved by the governors on 5 December 2012

I M Fytche
Chair of Governors

Company Registration No. 07850292

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	Period ended 31 August 2012 £
Net cash (outflow)/inflow from operating activities	21	246,403
Capital income / (expenditure)		
Capital grants and income		206,657
Payments to acquire tangible fixed assets		<u>(196,521)</u>
Net cash outflow from capital expenditure		<u>10,136</u>
Net cash (outflow)/inflow before financing		256,539
Funds transferred from previous school		<u>403,975</u>
Net cash inflow from financing		<u>403,975</u>
Increase in cash	22	<u><u>660,514</u></u>

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

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting policies

1.1 Basis of preparation

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

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 have significant doubt on the ability of the company to continue as a going concern. The governors have made this assessment in respect of a period of one year from the date of approval of the financial statements and consider that the going concern basis is appropriate.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

1.2 Incoming resources

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

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

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies. The value of donated time from volunteers has not been included in these accounts.

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

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

1.3 Resources expended

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

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

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

Charitable activities costs are costs incurred on the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management, trustees and governors meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.4 Tangible fixed assets and depreciation

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated

Freehold buildings	2% straight line
Fixtures, fittings & equipment	25% straight line

Property introduced into the academy trust from the previous local authority school has been transferred in at depreciated replaceable cost as per the valuation at 31 August 2012 by a professional valuer commissioned by EFA.

Other assets transferred to the academy on conversion have not been valued in these accounts.

The land & buildings are leased under 125 year lease.

A review of 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.

1.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.7 Pensions

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

Teachers' Pension Scheme

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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.8 Accumulated funds

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 EFA where the asset is acquired or created for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the EFA.

Designated funds are where the governors have ring fenced unrestricted income for specific projects.

1.9 Taxation

The academy trust 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 trust is potentially exempt from taxation in respect of income or capital gains received within the 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.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.10 Assets and liabilities on conversion

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

The assets and liabilities transferred on conversion from Bourne Grammar School to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Bourne Grammar School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

The land and buildings were transferred into the academy by the governors of the previous local authority school on 1 January 2012. The value used for the purposes of these accounts is the depreciable replacement cost. Other fixtures, fittings and equipment transferred into the academy from the previous local authority school have not been included in these accounts at cost. Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

2 General Annual Grant (GAG)

	Total 2012 £
Results and Carry Forward for the Year	
GAG brought forward from previous year	-
GAG allocation for current year	3,016,728
Total GAG available to spend	3,016,728
Recurrent expenditure from GAG	(3,001,277)
Fixed assets purchased from GAG	-
GAG carried forward to next year	15,451
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(362,007)
GAG to surrender to EFA (12% rule breached if result is positive)	(346,556)
	(no breach)

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

3 Donations and legacies

	Unrestricted funds £	Designated funds £	Restricted funds £	Restricted Fixed Asset funds £	Total 2012 £
Donations and gifts	3,651	6,092	-	-	9,743
Transfer from school fund	-	232,205	-	-	232,205
Land & buildings transferred on conversion	-	-	-	10,772,174	10,772,174
Funds transferred from Local Authority school	138,027	-	-	33,743	171,770
Pension deficit on conversion	-	-	(717,000)	-	(717,000)
	<u>141,678</u>	<u>238,297</u>	<u>(717,000)</u>	<u>10,805,917</u>	<u>10,468,892</u>

4 Investment income

	Unrestricted funds £	Designated funds £	Total 2012 £
Interest receivable	372	1,714	2,086
	<u>372</u>	<u>1,714</u>	<u>2,086</u>

5 Incoming resources from charitable activities

	Unrestricted funds £	Designated funds £	Restricted funds £	Restricted Fixed Asset funds £	Total 2012 £
Core educational operations	<u>51,792</u>	<u>157,502</u>	<u>3,150,274</u>	<u>172,914</u>	<u>3,532,482</u>

Included within income relating to core educational operations are the following restricted grants:

General Annual Grant (GAG)	3,016,727
Other EFA Grants	35,803
Other Government Grants	70,880
Other grants	26,864
Capital grant	172,914
	<u>3,323,188</u>

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

6 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2012 £
Costs of generating funds				
Costs of generating donations and legacies	-	-	1,609	1,609
Charitable activities				
<u>Core educational operations</u>				
Activities undertaken directly	2,284,312	128,174	580,134	2,992,620
Support costs	-	-	354,700	354,700
Total	2,284,312	128,174	934,834	3,347,320
Governance costs	-	-	68,813	68,813
	2,284,312	128,174	1,005,256	3,417,742

Included in other costs is £53,709 of operating leases.

Auditors' remuneration

Fees payable to the auditor for the audit of the academy's annual accounts **9,000**

Fees payable to the auditor and its associates for other services
 Responsible officer work **625**

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

7 Activities undertaken directly

2012
£

Other costs relating to core educational operations comprise:

Unrestricted funds

Educational equipment	2,858
Peripatetic music	18,916

Restricted funds

Educational supplies and services	166,113
Stationery and materials	17,726
Transport	11,657
Computer consumables	58,998
IT support and maintenance	29,793
Exam fees	81,735
Staff development and training	37,466

Designated funds

School trips, uniform and other events	129,444
--	---------

Restricted fixed asset funds

Maintenance costs from capital funding	25,428
--	--------

580,134

8 Support costs

2012
£

Restricted funds

Maintenance of premises	45,130
Other occupancy costs	103,375
Other supplies and services	39,547
Furniture and equipment	6,667
Rates	23,583
Advertising and publicity	75,653
Reprographics	18,092
Postage and carriage	5,874
Telephones	2,415
Insurance	34,364

354,700

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

9 Governance costs

	2012
	£
Other governance costs comprise:	
Legal and professional fees	58,667
Audit fees	9,825
Governors expenses	321
	<hr/>
	68,813
	<hr/> <hr/>

10 Governors' remuneration and expenses

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

	<u>Remuneration</u>
Mr J Maddox, headteacher and trustee	£55k - £60k
Ms M Armstrong, staff governor and trustee	£10k - £15k
Dr C Atherton, staff governor and trustee	£15k - £20k
Mr C Gledhill, staff governor and trustee	£10k - £15k
Mr J Mehta, staff governor and trustee	£20k - £25k

During the year ended 31 August 2012, governors expenses amounted to £321.

11 Governor' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was £433.

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

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

12 Employees

Number of employees

The average monthly number of employees during the period was:

	2012
	Number
Management	5
Teachers	61
Admin and support	39
	<hr/>
	105
	<hr/> <hr/>

Employment costs

	2012
	£
Wages and salaries	1,864,579
Social security costs	137,018
Other pension costs	282,715
	<hr/>
	2,284,312
	<hr/> <hr/>

The number of employees whose equivalent annual remuneration was £60,000 or more were:

	2012
	Number
More than £80,000	1
	<hr/> <hr/>

Of the employees whose emoluments exceed £60,000, 1 has retirement benefits accruing under Teacher's pension scheme. During the period ended 31 August 2012, pension contributions for the employee amounted to £8,312.

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

13 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 16 November 2011	-	-	-
Additions	156,802	39,719	196,521
Transfer on conversion	10,772,174	-	10,772,174
	<u>10,928,976</u>	<u>39,719</u>	<u>10,968,695</u>
At 31 August 2012	10,928,976	39,719	10,968,695
Depreciation			
At 16 November 2011	-	-	-
Charge for the period	128,174	-	128,174
	<u>128,174</u>	<u>-</u>	<u>128,174</u>
At 31 August 2012	128,174	-	128,174
Net book value			
At 31 August 2012	<u>10,800,802</u>	<u>39,719</u>	<u>10,840,521</u>

14 Debtors

	2012 £
Other debtors	25,265
Prepayments and accrued income	86,139
	<u>111,404</u>

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

15	Creditors: amounts falling due within one year	2012
		£
	Trade creditors	50,490
	Other creditors	126,434
	Accruals	9,000
	Deferred income	111,850
		<hr/>
		297,774
		<hr/> <hr/>

Deferred income includes money received for school trips taking place during the next academic year and peripatetic music fees received in advance.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Pension and other post-retirement benefit 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 the Lincolnshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £50,953 were payable to the schemes at 31 August 2012 and are included within creditors.

Teachers Pension Scheme (TPS)

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Pension and other post-retirement benefit commitments

(continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £79,729, of which employer's contributions totalled £59,189 and employees' contributions totalled £20,540. The academy has opted to pay a draft rate of contributions which has been set at the same level as that for the ceding local authority. Consequently the contribution rates for future years are 18.9% for employers and between 5.5% and 7.5% for employees.

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

**BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Pension and other post-retirement benefit commitments (continued)

Defined contribution

2012

£

Contributions payable by the company for the period

194,526

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

**Defined
benefit
pension plans**

2012

£

Present value of funded obligations

1,195,000

Fair value of plan assets

(418,000)

777,000

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2012

16 Pension and other post-retirement benefit commitments (continued)

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

	Defined benefit pension plans
	2012 £
Included in staff costs within total resources expended	
Current service cost	68,000
	<u>68,000</u>
Net pension finance costs included within total resources expended	
Interest on obligation	33,000
Expected return on pension scheme assets	(13,000)
	<u>20,000</u>
Total	<u>88,000</u>
Actual return on plan assets	<u>23,000</u>
Included with other recognised gains and losses:	
	Defined benefit pension plans
	2012 £
Actual return less expected return on pension scheme assets	10,000
Experience gains and losses arising on scheme liabilities	(41,000)
	<u>(31,000)</u>

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Pension and other post-retirement benefit commitments **(continued)**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans
	2012
	£
Opening defined benefit obligation	1,032,000
Current service cost	68,000
Interest cost	33,000
Contributions by scheme participants	21,000
Actuarial losses (gains)	41,000
	1,195,000
Total	1,195,000

Changes in fair value of plan assets are as follows:

	Defined benefit pension plans
	2012
	£
Opening fair value of plan assets	315,000
Expected return	13,000
Actuarial losses	10,000
Contributions by employer	59,000
Contributions from scheme participants	21,000
	418,000
	418,000

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

	2012
	%
Equities	75.12%
Bonds	12.92%
Property	11.00%
Other assets	0.96%
	100.00%

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Pension and other post-retirement benefit commitments **(continued)**

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

	2012 %
Discount rate at 31 August 2012	4.10%
Expected return on plan assets at 31 August 2012	5.00%
Future salary increases	4.50%
Future pension increases	2.20%

Mortality rates

The average future life expectancies at age 65 are summarised below:

	2012 years
Current pensioners	
Males	21
Females	24
Future pensioners	
Males	23
Females	26

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	<u>Approximate % increase to Employer Liability</u>	<u>Approximate monetary amount</u>
<u>Change in assumptions at 31 August 2012</u>		
0.5% decrease in Real Discount Rate	12%	£145,000
1 year increase in member life expectancy	3%	£36,000
0.5% increase in the Salary Increase Rate	5%	£63,000
0.5% increase in the Pension Increase Rate	7%	£78,000

Amounts for the current and previous four periods are as follows:

Defined benefit pension plans

	2012 £
Defined benefit obligation	(1,195,000)
Plan assets	418,000
Surplus/(deficit)	(777,000)
Experience adjustments on plan liabilities	(41,000)
Experience adjustments on plan assets	10,000
	10,000

The actuary has estimated the value of employer contributions for the year ended 31 August 2013 is £145,000. The academy has opted to pay a draft contribution rate and consequently the contributions into the scheme for the year ended 31 August 2013 are likely to be lower.

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

17 Restricted Fixed Asset Fund

	Movement in funds			Balance at 31 August 2012
	Incoming resources	Resources expended	Transfers	
	£	£	£	£
Property transferred at conversion	10,772,174	(128,174)	-	10,644,000
Funds transferred from local authority school	33,743	-	-	33,743
Capital formula grant	20,504	-	-	20,504
Capital maintenance fund	152,410	(25,428)	(126,982)	-
Fixed assets financed from grants	-	-	126,982	126,982
Fixed assets financed from GAG	-	-	53,510	53,510
Fixed assets financed from other funds	-	-	16,029	16,029
	<u>10,978,831</u>	<u>(153,602)</u>	<u>69,539</u>	<u>10,894,768</u>

Restricted Fixed Assets Funds represent capital funding received from the EFA and other sources. In accordance with the accounting policies set out in note 1, assets are capitalised where applicable, and depreciation is charged to this fund over the assets' useful economic life. Where costs are not capital in nature they are charged directly to this fund as an expense.

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

18 Restricted general funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 August 2012
	Incoming resources	Resources expended	Transfers	Investments gains/losses	
	£	£	£	£	£
General Annual Grant (GAG)	2,966,913	(2,913,403)	(53,510)	-	-
General Annual Grant:	49,815	(34,364)	-	-	15,451
Insurance (GAG)					
Pupil premium	8,523	(8,523)	-	-	-
EFA bursary 16-19	2,280	(2,280)	-	-	-
LCC 1:1 funding and 6th form funding	59,600	(59,600)	-	-	-
LCC Golden hello	11,280	(11,280)	-	-	-
NH college - secondment	3,000	(3,000)	-	-	-
CfBT GTP	23,863	(23,863)	-	-	-
Pension deficit	(717,000)	(29,000)	-	(31,000)	(777,000)
Start up grant	25,000	(25,000)	-	-	-
	<u>2,433,274</u>	<u>(3,110,313)</u>	<u>(53,510)</u>	<u>(31,000)</u>	<u>(761,549)</u>

The restricted grant income in the year all relates to the provision of education for the children of the academy.

19 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			
	Incoming resources	Resources expended	Transfers	Balance at 31 August 2012
	£	£	£	£
School fund	397,513	(132,053)	-	265,460
Capital maintenance project	-	-	100,000	100,000
	<u>397,513</u>	<u>(132,053)</u>	<u>100,000</u>	<u>365,460</u>

The previous school fund balances have been transferred into the academy and are designated by the governors for use in a variety of different areas.

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

20 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Restricted fixed asset funds	Total
	£	£	£	£	£
Fund balances at 31 August 2012 are represented by:					
Tangible fixed assets	-	-	-	10,840,521	10,840,521
Current assets	107,025	450,312	167,809	68,897	794,043
Creditors: amounts falling due within one year	(45,914)	(84,852)	(152,358)	(14,650)	(297,774)
Defined benefit pension liability	-	-	(777,000)	-	(777,000)
	<u>61,111</u>	<u>365,460</u>	<u>(761,549)</u>	<u>10,894,768</u>	<u>10,559,790</u>

21 Net cash inflow from operating activities

2012
£

Net movement in funds per Statement of Financial Activities	10,590,790
Capital fund income	(10,978,831)
Difference between pension charge and cash contributions	29,000
Pension deficit transferred from local authority school	717,000
Cash transferred on conversion	(403,975)
Depreciation of tangible fixed assets	128,174
Increase in stocks	(22,125)
Increase in debtors	(111,404)
Increase in creditors	297,774
	<u>246,403</u>

22 Reconciliation of net cash flow to movement in net funds

2012
£

Increase in cash	660,514
Net funds at 16 November 2011	-
Net funds at 31 August 2012	<u>660,514</u>

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2012

23 Analysis of net cash balances

	Cash flow	Non-cash	At 31 August
	£	changes	2012
		£	£
Cash at bank and in hand	660,514	-	660,514
	<u>660,514</u>	<u>-</u>	<u>660,514</u>

24 Commitments under operating leases

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012
	£
Expiry date:	
Within one year	2,082
Between two and five years	108,549
In over five years	3,893
	<u>114,524</u>

25 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.

26 Related parties

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have 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.

Some of the Governors have children who are pupils at the Academy, consequently there will be transactions between those Governors and the Academy in respect of their children's education. These are on the same basis as other pupils at the Academy.

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

27 Post balance sheet events

The academy will receive the remaining capital maintenance grant of £607,640 during the year ended 31 August 2013.

28 Conversion to an academy trust

On 1 January 2012 the Bourne Grammar School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bourne Grammar School from Lincolnshire County Council for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources/expended in the Statement of Financial Activities as voluntary income and pension deficit transferred in.

The following tables sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Bourne Grammar School

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets:				
Freehold land and buildings	-	-	10,772,174	10,772,174
Other tangible assets	-	-	-	-
Budget surplus on LA funds	138,027		33,743	171,770
Budget surplus on other school funds	232,205	-	-	232,205
LGPS pension deficit	-	(717,000)	-	(717,000)
	<u>370,232</u>	<u>(717,000)</u>	<u>10,805,917</u>	<u>10,459,149</u>

The above net assets include £403,975 transferred as cash.