

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013
Company Registration No. 07850292 (England and Wales)

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
P J Hyland
Mrs J Organ
M Ward
Dr I M Wheatley
Mrs M Armstrong
N Smith
Dr C Atherton
J P Maddox
Father C Atkinson
M S Tupholme
L Taylor
R J Parker

Company secretary

Mrs D Weston

Senior management team

Headteacher

J P Maddox

Deputy Headteacher

A G Ransom

Assistant Headteacher (Teaching & Learning)

Mrs G M Hall

Assistant Headteacher (Pastoral)

Mrs E J Faux

Director of Business & Development

Mrs J L Gray

Company number

07850292

Principal address and 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 YEAR ENDED 31 AUGUST 2013

The governors present their report and accounts for the year ended 31 August 2013.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the School'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

Bourne Grammar School (the 'School') 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 School.

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 School 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 School 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 School 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 year were:

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

(Resigned 1 October 2013)

P J Hyland

Mrs J Organ

M Ward

Dr I M Wheatley

Mrs M Armstrong

N Smith

(Appointed 1 September 2012)

Dr C Atherton

J P Maddox

Father C Atkinson

(Appointed 14 January 2013)

L Taylor

(Appointed 9 October 2012)

R J Parker

(Appointed 9 October 2012)

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Method of recruitment and appointment or election of Governors

Subject to Articles 48-49 and 64, the School 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 School. A parent governor must be a parent of the pupil at the School 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 School. 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 School.

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 School. 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 YEAR ENDED 31 AUGUST 2013

Organisational structure

The Headteacher, as the principal leader and manager for the School, is responsible for the internal organisation, management and control of the School, 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 School's activities, including all financial activities;
- Formulates aims and objectives of the School 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 governors in their annual disclosures of pecuniary interests. Further details are disclosed in note 25.

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 School'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 School's aims are demonstrably to the public benefit.

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

FOR THE YEAR ENDED 31 AUGUST 2013

Achievements and performance

2013 GCSE performance

49.7% achieved 5+ A* - A including English and Mathematics

85.0% achieved 5+ A* - B including English and Mathematics

96.7% achieved 5+ A* - C including English and Mathematics

2013 A Level performance

36.1% achieved A* - A

57.6% achieved A* - B

84.9% achieved A* - C

99.3% achieved A* - E

Additional year 7 places

The Published Admissions Number (PAN) for year 7 from September 2012 was 180. This will be increased to 210 from September 2013 and 224 from September 2014 and thereafter.

Academies Capital Maintenance Fund (ACMF)

The school was successful in their 2012/13 ACMF bid for a refurbishing and re-modelling project to meet the changes in the curriculum and expansion of student numbers. The project was completed before the EFA deadline of 31 March 2013 and added 8 new classrooms to the school estate along with a larger second cafeteria space and additional toilet facilities.

The school was unsuccessful in their 2013/14 bid. A further bid will be submitted once the 2014/15 funding window opens.

Financial review

The School held fund balances at 31 August 2013 of £11,120,543 comprising £10,999,944 of restricted funds and £120,599 of unrestricted general funds. Of the restricted funds, £11,713,791 is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £819,000 in deficit.

Reserves policy

The governors wish to hold a minimum reserve of £120,000. This is held in an easily accessible investment account.

Investment policy

Under the Memorandum and Articles of Association, the School has the power to invest funds not immediately required for its own purposes, in any way the governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Going concern

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

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

FOR THE YEAR ENDED 31 AUGUST 2013

Plans for the future

Future plans for the school include:

- Continued expansion of the school estate including expansion of the Sixth form accommodation, additional teaching classrooms, increasing the size of the sports hall, additional changing facilities and refurbishment of existing laboratories.
- Construction of a full size 3G artificial playing pitch which will cost approximately £500,000 of which £92,216 has been raised in 2012/13.
- Increasing the number of academic A level subjects offered to Sixth form students with the introduction of Philosophy and Politics.

Funds held as custodian trustee

The School and its governors do not act as the custodian trustees of any charity.

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.

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:

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

FOR THE YEAR ENDED 31 AUGUST 2013

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 6 times during the year. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mrs M Armstrong	6	6
Dr C Atherton	6	6
R H Brown	6	6
Mrs J E Burrows	5	6
B J Fines	4	6
I Ford	3	6
I M Fytche	6	6
Mrs A Gale	5	6
G R Greatwood	3	6
P J Hyland	3	6
J P Maddox	6	6
I J G Mears	6	6
Mrs J Organ	6	6
M Ward	3	6
Dr I M Wheatley	5	6
Cllr Mrs S Woolley	6	6
N Smith	5	6
L Taylor	4	5
R Parker	4	5
Father C Atkinson	1	6

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	4
G R Greatwood	2	4
J P Maddox	4	4
I J G Mears	4	4
M Ward	3	4
Cllr Mrs S Woolley	3	4
L Taylor	2	2
R Parker	3	4
R Brown	2	2

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

FOR THE YEAR ENDED 31 AUGUST 2013

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 School 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 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body has reviewed the key risks to which the School 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 School's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The risk and control framework

The School'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 additional checks. This role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a quarterly basis, the auditor 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.

This has been delivered within EFA guidelines during the period.

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

FOR THE YEAR ENDED 31 AUGUST 2013

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 School 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 onand 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 YEAR ENDED 31 AUGUST 2013

As accounting officer of Bourne Grammar School I have considered my responsibility to notify the School 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 School 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 School governing body are able to identify any material irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School'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 YEAR ENDED 31 AUGUST 2013

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 Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 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 year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Tracey Richardson BSc (Hons) FCA (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:

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

In accordance with the terms of our engagement letter dated 20 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bourne Grammar School during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 auditor

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, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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 AUDITORS' 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 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Tracey Richardson BSc (Hons) FCA (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:

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	Unrestricted funds £	Designated funds £	Restricted General funds £	Restricted Fixed Asset funds £	12 months Total 2013 £	8 months Total 2012 £
<u>Incoming resources from generated funds</u>							
Donations and legacies	2	7,402	11,851	92,216	-	111,469	10,468,892
Activities for generating funds		3,686	-	-	-	3,686	5,072
Investment income	3	600	1,884	-	-	2,484	2,086
		<u>11,688</u>	<u>13,735</u>	<u>92,216</u>	<u>-</u>	<u>117,639</u>	<u>10,476,050</u>
Incoming resources from charitable activities	4	99,297	362,254	4,824,120	672,309	5,957,980	3,532,482
Total incoming resources		<u>110,985</u>	<u>375,989</u>	<u>4,916,336</u>	<u>672,309</u>	<u>6,075,619</u>	<u>14,008,532</u>
<u>Resources expended</u>							
Costs of generating funds							
Costs of generating donations and legacies	5	-	2,319	-	-	2,319	1,609
Net incoming resources available		<u>110,985</u>	<u>373,670</u>	<u>4,916,336</u>	<u>672,309</u>	<u>6,073,300</u>	<u>14,006,923</u>
Charitable activities							
Core educational operations		74,562	375,511	4,794,041	269,971	5,514,085	3,347,320
Governance costs		-	-	11,462	-	11,462	68,813
Total resources expended		<u>74,562</u>	<u>377,830</u>	<u>4,805,503</u>	<u>269,971</u>	<u>5,527,866</u>	<u>3,417,742</u>
Net incoming/(outgoing) resources before transfers		<u>36,423</u>	<u>(1,841)</u>	<u>110,833</u>	<u>402,338</u>	<u>547,753</u>	<u>10,590,790</u>
Gross transfers between funds		(97,534)	(243,020)	(76,131)	416,685	-	-
Net (outgoing)/incoming resources		<u>(61,111)</u>	<u>(244,861)</u>	<u>34,702</u>	<u>819,023</u>	<u>547,753</u>	<u>10,590,790</u>
Other recognised gains and losses							
Actuarial (loss)/gain on defined benefit pension schemes		-	-	13,000	-	13,000	(31,000)
Net income / (expenditure) for the year		<u>(61,111)</u>	<u>(244,861)</u>	<u>47,702</u>	<u>819,023</u>	<u>560,753</u>	<u>10,559,790</u>
Fund balances at 1 September 2012		61,111	365,460	(761,549)	10,894,768	10,559,790	-
Fund balances at 31 August 2013		<u>-</u>	<u>120,599</u>	<u>(713,847)</u>	<u>11,713,791</u>	<u>11,120,543</u>	<u>10,559,790</u>

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2013

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

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

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 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	12	11,713,791		10,840,521	
Current assets					
Stocks		6,446		22,125	
Debtors	13	173,861		111,404	
Cash at bank and in hand		470,244		660,514	
		<u>650,551</u>		<u>794,043</u>	
Creditors: amounts falling due within one year	14	<u>(424,799)</u>		<u>(297,774)</u>	
Net current assets		<u>225,752</u>		<u>496,269</u>	
Total assets less current liabilities		<u>11,939,543</u>		<u>11,336,790</u>	
Defined benefit pension liability	15	<u>(819,000)</u>		<u>(777,000)</u>	
Net assets		<u><u>11,120,543</u></u>		<u><u>10,559,790</u></u>	
Funds of the School:					
Restricted funds					
Restricted fixed asset fund	16	11,713,791		10,894,768	
Restricted general fund:	17				
Other restricted funds		105,153		15,451	
Pension reserve		<u>(819,000)</u>		<u>(777,000)</u>	
		<u>(713,847)</u>		<u>(761,549)</u>	
Unrestricted funds					
General fund		-		61,111	
Designated funds	18	<u>120,599</u>		<u>365,460</u>	
		<u>120,599</u>		<u>426,571</u>	
Total funds		<u><u>11,120,543</u></u>		<u><u>10,559,790</u></u>	

The accounts were approved by the governors on

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I M Fytche
Chair of Governors

Company Registration No. 07850292

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

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	20	233,200	246,403
Capital income / (expenditure)			
Capital grants and income		672,309	206,657
Payments to acquire tangible fixed assets		<u>(1,095,779)</u>	<u>(196,521)</u>
Net cash outflow from capital expenditure		(423,470)	10,136
Net cash (outflow)/inflow before financing		(190,270)	256,539
Funds transferred from previous school		-	403,975
Net cash inflow from financing		-	403,975
(Decrease)/increase in cash	21	<u>(190,270)</u>	<u>660,514</u>

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2013

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 School 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 School are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School 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 School'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.

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

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.

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting Policies

(continued)

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.

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

Governance costs include the costs attributable to the School'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 School from the previous local authority school was 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 School 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.

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

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting Policies

(continued)

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.

1.7 Pensions

Retirement benefits to employees of the School 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 School.

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 School 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 15, 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 School 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 School 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.

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

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting Policies

(continued)

1.9 Taxation

The School 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 School 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.

2 Donations and legacies

	Unrestricted	Designated	Restricted	12 months	8 months
	funds	funds	funds	Total	Total
	£	£	£	2013	2012
				£	£
Donations and gifts	7,402	11,851	92,216	111,469	9,743
Transfer from school fund	-	-	-	-	232,205
Land & buildings transferred on conversion	-	-	-	-	10,772,174
Funds transferred from Local Authority school	-	-	-	-	171,770
Pension deficit on conversion	-	-	-	-	(717,000)
	<u>7,402</u>	<u>11,851</u>	<u>92,216</u>	<u>111,469</u>	<u>10,468,892</u>

3 Investment income

	Unrestricted	Designated	12 months	8 months
	funds	funds	Total	Total
	£	£	2013	2012
			£	£
Interest receivable	600	1,884	2,484	2,086
	<u>600</u>	<u>1,884</u>	<u>2,484</u>	<u>2,086</u>

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

FOR THE YEAR ENDED 31 AUGUST 2013

4 Incoming resources from charitable activities

	Unrestricted funds £	Designated funds £	Restricted funds £	Restricted Fixed Asset funds £	12 months Total 2013 £	8 months Total 2012 £
Core educational operations	<u>99,297</u>	<u>362,254</u>	<u>4,824,120</u>	<u>672,309</u>	<u>5,957,980</u>	<u>3,532,482</u>

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

General Annual Grant (GAG)	4,698,967	3,016,727
Other EFA Grants	55,724	35,803
Other Government Grants	55,329	70,880
Other grants	14,100	26,864
Capital grant	672,309	172,914
	<u>5,496,429</u>	<u>3,323,188</u>

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	12 months Total 2013 £	8 months Total 2012 £
Costs of generating funds					
Costs of generating donations and legacies	-	-	2,319	2,319	1,609
Charitable activities					
<u>Core educational operations</u>					
Activities undertaken directly	3,649,295	222,509	1,090,856	4,962,660	2,992,620
Support costs	-	-	551,425	551,425	354,700
Total	<u>3,649,295</u>	<u>222,509</u>	<u>1,642,281</u>	<u>5,514,085</u>	<u>3,347,320</u>
Governance costs	-	-	11,462	11,462	68,813
	<u>3,649,295</u>	<u>222,509</u>	<u>1,656,062</u>	<u>5,527,866</u>	<u>3,417,742</u>

Included in other costs is £105,316 (2012 £53,709) of operating leases.

Auditors' remuneration

Fees payable to the auditor for the audit of the School's annual accounts	<u>9,000</u>	<u>9,000</u>
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BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

5 Total resources expended	(continued)	
Fees payable to the auditor and its associates for other services	3,125	625
Responsible officer work	2,700	-
Other services pursuant to legislation	<u><u>2,700</u></u>	<u><u>-</u></u>
6 Activities undertaken directly	12 months	8 months
	2013	2012
	£	£
Other costs relating to core educational operations comprise:		
Unrestricted funds		
Educational equipment	-	2,858
Peripatetic music	25,991	18,916
Virtual lease iPads	22,556	-
Examination fees	13,133	-
Restricted funds		
Educational supplies and services	317,906	166,113
Stationery and materials	42,834	17,726
Transport	14,096	11,657
Computer consumables	15,754	58,998
IT support and maintenance	90,866	29,793
Exam fees	84,881	81,735
Staff development and training	39,866	37,466
Designated funds		
School trips, uniform, peripatetic music and other events	375,511	129,444
Restricted fixed asset funds		
Maintenance costs from capital funding	47,462	25,428
	<u><u>1,090,856</u></u>	<u><u>580,134</u></u>

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

FOR THE YEAR ENDED 31 AUGUST 2013

7 Support costs

	12 months	8 months
	2013	2012
	£	£
Restricted funds		
Maintenance of premises	136,839	45,130
Other occupancy costs	161,335	103,375
Other supplies and services	74,534	39,547
Furniture and equipment	1,431	6,667
Rates	9,701	23,583
Marketing	35,179	14,420
Reprographics	11,601	18,092
Postage and carriage	9,163	5,874
Telephones	4,655	2,415
Insurance	53,765	34,364
Recruitment	40,340	61,233
	<hr/>	<hr/>
	538,543	354,700
Unrestricted funds		
Flood repairs	12,882	-
	<hr/>	<hr/>
	551,425	354,700
	<hr/> <hr/>	<hr/> <hr/>

8 Governance costs

	12 months	8 months
	2013	2012
	£	£
Other governance costs comprise:		
Legal fees	1,950	59,492
Audit fees	9,000	9,000
Governors expenses	512	321
	<hr/>	<hr/>
	11,462	68,813
	<hr/> <hr/>	<hr/> <hr/>

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

FOR THE YEAR ENDED 31 AUGUST 2013

9 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 School in respect of their role as governors. The value of governors' remuneration was as follows:

Mr J Maddox, headteacher and trustee	£85k - £90k	(2012 £55k - £60k)
Ms M Armstrong, staff governor and trustee	£15k - £20k	(2012 £10k - £15k)
Dr C Atherton, staff governor and trustee	£45k - £50k	(2012 £15k - £20k)
Mr C Gledhill, staff governor and trustee	Nil	(2012 £10k - £15k)
Mr J Mehta, staff governor and trustee	Nil	(2012 £20k - £25k)
Mr N Smith, staff governor and trustee	£40k - £45k	(2012 Nil)

Comparatives are for eight months only.

During the year pension contributions of £27,626 (2012: £17,743) were paid to the TPS in respect of the above governors.

During the year ended 31 August 2013, governors expenses amounted to £512 (2012 £321).

10 Governor' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £676 (2012 £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 YEAR ENDED 31 AUGUST 2013

11 Employees

Number of employees

The average monthly number of employees during the year was:

	12 months 2013 Number	8 months 2012 Number
Management	5	5
Teachers	59	61
Admin and support	37	39
	<u>101</u>	<u>105</u>

The average monthly number of employees during the year expressed as full time equivalents was:

	12 months 2013 Number	8 months 2012 Number
Management	5	5
Teachers	57	57
Admin and support	30	24
	<u>92</u>	<u>86</u>

Employment costs	12 months 2013 £	8 months 2012 £
Wages and salaries	2,882,803	1,864,579
Social security costs	220,217	137,018
Other pension costs	460,856	282,715
	<u>3,563,876</u>	<u>2,284,312</u>
Compensation payments	85,419	-
	<u>3,649,295</u>	<u>2,284,312</u>

During the year payments were made to agency staff of £27,694 (2012 £56,302).

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

FOR THE YEAR ENDED 31 AUGUST 2013

(continued)

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

	2013	2012
	Number	Number
More than £80,000	1	1

Of the employees whose emoluments exceed £60,000, 1 (2012: 1) has retirement benefits accruing under Teacher's pension scheme. During the year ended 31 August 2013, pension contributions for the employee amounted to £12,479 (2012 £8,312).

12 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2012	10,928,976	39,719	10,968,695
Additions	1,063,341	32,438	1,095,779
	11,992,317	72,157	12,064,474
At 31 August 2013			
Depreciation			
At 1 September 2012	128,174	-	128,174
Charge for the year	206,810	15,699	222,509
	334,984	15,699	350,683
At 31 August 2013			
Net book value			
At 31 August 2013	11,657,333	56,458	11,713,791
At 31 August 2012	10,800,802	39,719	10,840,521

13 Debtors

	2013	2012
	£	£
Other debtors	31,720	25,265
Prepayments and accrued income	142,141	86,139
	173,861	111,404

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

FOR THE YEAR ENDED 31 AUGUST 2013

14 Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	166,573	50,490
Other creditors	125,369	126,434
Accruals	9,000	9,000
Deferred income	123,857	111,850
	<hr/> 424,799 <hr/>	<hr/> 297,774 <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 YEAR ENDED 31 AUGUST 2013

15 Pension and other post-retirement benefit commitments

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

Contributions amounting to £53,934 (2012: £50,953) were payable to the schemes at 31 August 2013 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis - these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, 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.

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

FOR THE YEAR ENDED 31 AUGUST 2013

15 Pension and other post-retirement benefit commitments

(continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School 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 School has set out above the information available on the scheme.

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

FOR THE YEAR ENDED 31 AUGUST 2013

15 Pension and other post-retirement benefit commitments

(continued)

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 2013 was £134,179 (2012 £79,729), of which employer's contributions totalled £101,248 (2012 £59,189) and employees' contributions totalled £32,930 (2012 £20,540). The agreed contribution rates for future years are 18.9% for employers and between 5.5% and 7.5% for employees.

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

Defined contribution (TPS)

	2013	2012
	£	£
Contributions payable by the company for the year	304,608	194,526
	<u>304,608</u>	<u>194,526</u>

Employee benefit obligations (LGPS)

The amounts recognised in the balance sheet are as follows:

	2013	2012
	£	£
Present value of funded obligations	1,442,000	1,195,000
Fair value of plan assets	(623,000)	(418,000)
	<u>819,000</u>	<u>777,000</u>

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2013

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

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

	2013	2012
	£	£
Included in staff costs within total resources expended		
Current service cost	128,000	68,000
	<u>128,000</u>	<u>68,000</u>
Net pension finance costs included within total resources expended		
Interest on obligation	52,000	33,000
Expected return on pension scheme assets	(24,000)	(13,000)
	<u>28,000</u>	<u>20,000</u>
Total	<u>156,000</u>	<u>88,000</u>
Actual return on plan assets	<u>70,000</u>	<u>23,000</u>
Included with other recognised gains and losses:		
	2013	2012
	£	£
Actual return less expected return on pension scheme assets	46,000	10,000
Experience gains and losses arising on scheme liabilities	(33,000)	(41,000)
	<u>13,000</u>	<u>(31,000)</u>

**BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2013

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

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

	2013	2012
	£	£
Opening defined benefit obligation	1,195,000	1,032,000
Current service cost	128,000	68,000
Interest cost	52,000	33,000
Contributions by scheme participants	34,000	21,000
Actuarial losses (gains)	33,000	41,000
	<u> </u>	<u> </u>
Total	<u>1,442,000</u>	<u>1,195,000</u>

Changes in fair value of plan assets are as follows:

	2013	2012
	£	£
Opening fair value of plan assets	418,000	315,000
Expected return	24,000	13,000
Actuarial gains / (losses)	46,000	10,000
Contributions by employer	101,000	59,000
Contributions from scheme participants	34,000	21,000
	<u> </u>	<u> </u>
	<u>623,000</u>	<u>418,000</u>

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

	2013	2012
	%	%
Equities	76.89%	75.12%
Bonds	12.04%	12.92%
Property	11.08%	11.00%
Other assets	-	0.96%
	<u> </u>	<u> </u>

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

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

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

	2013	2012
	%	%
Discount rate at 31 August 2013	4.60	4.10
Expected return on plan assets at 31 August 2013	6.10	5.00
Future salary increases	5.10	4.50
Future pension increases	2.80	2.20

Mortality rates

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

	2013	2012
	years	years
Current pensioners		
Males	21	21
Females	23	24
Future pensioners		
Males	24	23
Females	26	26

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

Change in assumptions at 31 August 2013	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	12%	£176,000
1 year increase in member life expectancy	3%	£43,000
0.5% increase in the Salary Increase Rate	6%	£81,000
0.5% increase in the Pension Increase Rate	6%	£90,000

Amounts for the current and previous periods are as follows:

Defined benefit pension plans

	2013	2012
	£	£
Defined benefit obligation	(1,442,000)	(1,195,000)
Plan assets	623,000	418,000
Surplus/(deficit)	(819,000)	(777,000)
Experience adjustments on plan liabilities	(33,000)	(41,000)
Experience adjustments on plan assets	46,000	10,000

The actuary has estimated the value of employer contributions for the year ended 31 August 2014 is £99,000. The School has opted to pay a draft contribution rate and consequently the contributions into the scheme for the year ended 31 August 2014 are likely to be lower.

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

16 Restricted Fixed Asset Fund

	Movement in funds				Balance at 31 August 2013
	Balance at 1 September 2012	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Funds transferred from local authority school	33,743	-	-	(33,743)	-
Capital formula grant	20,504	20,723	(15,000)	(26,227)	-
Capital maintenance fund	-	609,640	(32,463)	(577,177)	-
Capital grant from LCC	-	41,946	-	(41,946)	-
Property transferred at conversion	10,644,000	-	(192,260)	-	10,451,740
Fixed assets financed from grants	126,982	-	(14,064)	679,093	792,011
Fixed assets financed from GAG	53,510	-	(16,184)	76,131	113,457
Fixed assets financed from other funds	16,029	-	-	340,554	356,583
	<u>10,894,768</u>	<u>672,309</u>	<u>(269,971)</u>	<u>416,685</u>	<u>11,713,791</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 YEAR ENDED 31 AUGUST 2013

17 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:

	Balance at 1 September 2012 £	Incoming resources £	Movement in funds			Balance at 31 August 2013 £
			Resources expended £	Transfers £	Investments gains/losses £	
General Annual Grant (GAG)	-	4,647,717	(4,571,586)	(76,131)	-	-
General Annual Grant: Insurance (GAG)	15,451	51,251	(53,765)	-	-	12,937
Pupil premium	-	31,056	(31,056)	-	-	-
EFA bursary 16-19	-	12,768	(12,768)	-	-	-
Other EFA grants	-	11,900	(11,900)	-	-	-
LCC Golden hello	-	11,290	(11,290)	-	-	-
Other LCC grants	-	19,738	(19,738)	-	-	-
SEN	-	24,300	(24,300)	-	-	-
CfBT GTP	-	14,100	(14,100)	-	-	-
Bourne Educational Foundation donation	-	92,216	-	-	-	92,216
Pension deficit	(777,000)	-	(55,000)	-	13,000	(819,000)
	<u>(761,549)</u>	<u>4,916,336</u>	<u>(4,805,503)</u>	<u>(76,131)</u>	<u>13,000</u>	<u>(713,847)</u>

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

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

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

The Bourne Educational Foundation donation is to be spent towards new astro pitches at the School in the future.

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 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				Balance at 31 August 2013
	Balance at 1 September 2012	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
School fund	265,460	375,989	(377,830)	(143,020)	120,599
Capital maintenance project	100,000	-	-	(100,000)	-
	<u>365,460</u>	<u>375,989</u>	<u>(377,830)</u>	<u>(243,020)</u>	<u>120,599</u>

The school fund is designated by the governors for use in a variety of different areas including school trips, peripatetic music and school uniform.

19 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Restricted fixed asset funds	Total
	£	£	£	£	£
Fund balances at 31 August 2013 are represented by:					
Tangible fixed assets	-	-	-	11,713,791	11,713,791
Current assets	(19,300)	304,394	313,317	52,140	650,551
Creditors: amounts falling due within one year	19,300	(183,795)	(208,164)	(52,140)	(424,799)
Defined benefit pension liability	-	-	(819,000)	-	(819,000)
	<u>-</u>	<u>120,599</u>	<u>(713,847)</u>	<u>11,713,791</u>	<u>11,120,543</u>

BOURNE GRAMMAR SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2013

20	Net cash inflow from operating activities	2013	2012
		£	£
	Net movement in funds per Statement of Financial Activities	547,753	10,590,790
	Capital fund income	(672,309)	(10,978,831)
	Difference between pension charge and cash contributions	55,000	29,000
	Pension deficit transferred from local authority school	-	717,000
	Cash transferred on conversion	-	(403,975)
	Depreciation of tangible fixed assets	222,509	128,174
	Decrease/(increase) in stocks	15,679	(22,125)
	Increase in debtors	(62,457)	(111,404)
	Increase in creditors	127,025	297,774
		233,200	246,403

21	Reconciliation of net cash flow to movement in net funds	2013	2012
		£	£
	(Decrease)/increase in cash	(190,270)	660,514
	Net funds at 1 September 2012	660,514	-
	Net funds at 31 August 2013	470,244	660,514

22	Analysis of net cash balances	At 1	Cash flow	Non-cash	At 31 August
		September		changes	2013
		2012			
		£	£	£	£
	Cash at bank and in hand	660,514	(190,270)	-	470,244
		660,514	(190,270)	-	470,244

BOURNE GRAMMAR SCHOOL
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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

23 Commitments under operating leases

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

	2013	2012
	£	£
Expiry date:		
Within one year	31,832	2,082
Between two and five years	96,295	108,549
In over five years	-	3,893
	<hr/> 128,127 <hr/>	<hr/> 114,524 <hr/>

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.

No individual has a controlling interest in the charitable company.

25 Related parties

Owing to the nature of the School'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 School's financial regulations and normal procurement procedures.

The School received a donation of £92,216 during the year from Bourne Educational Foundation in which all of the trustees are also governors of the School.

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