

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**  
**Company Registration No. 07850292 (England and Wales)**

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

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**Governors/Members**

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  
Dr I M Wheatley  
Mrs M Armstrong  
N Smith  
J P Maddox  
Father C Atkinson  
M S Tupholme  
L Taylor  
R Elliot  
R J Parker  
S Dharamraj  
K Addison

**Company secretary**

Mrs D Weston

**Senior management team**

<b>Headteacher</b>	J P Maddox
<b>Deputy Headteacher</b>	A G Ransom
<b>Assistant Headteacher (Teaching &amp; Learning)</b>	Mrs G M Hall
<b>Assistant Headteacher (Pastoral)</b>	Mrs E J Faux
<b>Director of Business &amp; Development</b>	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

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**BOURNE GRAMMAR SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
CONTENTS**

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	<b>Page</b>
Governors' report	1 - 6
Governance statement	7 - 9
Statement on regularity, propriety and compliance	10
Statement of governors' responsibilities	11
Independent auditors' report	12 - 13
Independent reporting accountants' assurance report on regularity	14 - 15
Statement of financial activities incorporating income & expenditure account	16 - 17
Balance sheet	18
Cash flow statement	19
Notes to the accounts	20 - 41

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# **BOURNE GRAMMAR SCHOOL**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **GOVERNORS' REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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The governors present their report and accounts for the year ended 31 August 2014.

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

P J Hyland

Mrs J Organ

(Resigned 2 October 2014)

M Ward

(Resigned 17 November 2014)

Dr I M Wheatley

Mrs M Armstrong

N Smith

Dr C Atherton

(Resigned 31 August 2014)

J P Maddox

Father C Atkinson

M S Tupholme

L Taylor

R J Parker

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

***FOR THE YEAR ENDED 31 AUGUST 2014***

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**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 2014***

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**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; and
- 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 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 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.

**Mission Statement**

The School is about the best atmosphere, the best support, the best results. By the time our students leave the School they will be well qualified, well rounded and well prepared.

**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 2014***

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**Strategic Report**

**Achievements and performance**

**2014 GCSE Results**

49.0% achieved 5+ A\*-A including English (IGCSE) and Mathematics  
89.1% achieved 5+ A\*-B including English (IGCSE) and Mathematics  
98.6% achieved 5+ A\*-C including English (IGCSE) and Mathematics

**2014 A-Level Results**

The School only offers academic A-Levels.

24.1% achieved A\*-A

53.4% achieved A\*-B

80.6% achieved A\*-C

99.5% achieved A\*-E

77% of students gained a place at their first-choice university, 38% gained a place at a Russell Group university.

**Additional Year 7 Places**

The Published Admissions Number (PAN) for Year 7 in September 2013 was 210. This will be increased to 224 for September 2014 and 2015 (with agreement to offer over PAN to 240) and 240 from September 2016 and thereafter. The 2013/14 number on roll (NOR) was 1,113. The NOR once expansion is complete will be 1,500.

**Academies Capital Maintenance Fund (ACMF)**

The School submitted a £4million bid to the 2013/14 ACMF but were unsuccessful. The School are in currently in the process of submitting a bid to the 2015/16 Condition Improvement Fund (CIF). Refurbishment work and re-designation of existing accommodation was carried out during July/August 2014 and has provided additional male/female changing facilities, 2 new classrooms for Ethics, Philosophy & Religion, 2 small teaching classrooms suitable for small Sixth Form groups, additional outside picnic tables and covered shelter and a third catering facility. This work provides sufficient accommodation until September 2016.

**Per Pupil Funding**

Within Lincolnshire Bourne Grammar School receives the lowest level of funding per secondary pupil by a significant margin. 2013/14 per pupil funding received was £300 less per pupil than the Lincolnshire Grammar School average and £1,004 less per pupil than the national secondary school average. In this context the School provides outstanding value for money.

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

**Financial review**

The School held fund balances at 31 August 2014 of £10,500,905 comprising £10,465,912 of restricted funds and £34,993 of unrestricted general funds. Of the restricted funds, £11,542,471 is represented by tangible fixed assets. The pension reserve which is considered part of restricted funds was £1,162,000 in deficit.

**Funding Position**

Whilst an element of education funding is ring-fenced, in real terms per pupil funding is reducing year on year. Increases in staff salaries and pension contributions are not reflected in GAG income. Lincolnshire is one of the lowest funded areas of the country in terms of education and within Lincolnshire; Bourne Grammar School is the lowest funded secondary school by a significant margin. The School receives £300 per pupil less than the Lincolnshire Grammar School average per pupil funding and £1,000 per pupil less than the National Secondary School average. Sixth Form funding has also seen a significant decrease. In 2009/10 220 students generated £1.2m of Sixth Form funding. In 2014, 285 students equate to a funding level of £1.2m and from 2015, 300 students will be required to maintain this funding level. The funding situation is compounded by the method used to calculate budget allocations with funding based on the student number from the previous year.

**Bourne Grammar School student numbers:**

Year Group	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Projected	2016/17 Projected	2017/18 Projected
Year 7	152	169	197	233	240	240	240
Year 8	150	152	179	210	240	240	240
Year 9	150	151	155	180	210	240	240
Year 10	152	149	150	154	180	210	240
Year 11	149	152	148	149	154	180	210
<b>Total 7-11</b>	<b>753</b>	<b>773</b>	<b>829</b>	<b>926</b>	<b>1024</b>	<b>1110</b>	<b>1170</b>
Year 12	126	142	156	149	155	160	170
Year 13	112	105	129	135	135	140	150
<b>Total SF</b>	<b>238</b>	<b>247</b>	<b>285</b>	<b>284</b>	<b>290</b>	<b>300</b>	<b>320</b>
<b>TOTAL</b>	<b>991</b>	<b>1020</b>	<b>1114</b>	<b>1210</b>	<b>1314</b>	<b>1410</b>	<b>1490</b>
Lagged number used for funding	976	991	1020	1114	1210	1314	1410

Schools with small Sixth Forms (less than 250) and with unfilled places will struggle financially. Bourne Grammar School has a clearly defined expansion strategy in place from 2012 (effecting entry at Year 7 and Sixth Form and to be completed by 2018) which secures the financial future of the School. Without an expansion strategy, the School would be facing the real prospect of staff reduction and curriculum reduction in order to balance its budget.

**Reserves policy**

Additional staff needed for expansion need to be recruited before additional students join the School and a financial year before the financial increase of additional students is realised in the GAG income. For financial year ending 31 August 2014 the School received an additional £82k of GAG income (based on 12/13 student numbers) but staff salary costs increased by £252k. The School acknowledges that the necessary front loading of staff to facilitate expansion has financial implications and impacts of the School's limited financial reserves but are confident that this situation will stabilise once the financial benefits of the expanded student population start to be realised. The School forecast a surplus of £100k from 2015/16.

It is the governors' wish to hold a minimum reserve of £120,000.



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

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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.

**Plans for the future**

Future plans for the school include:

-Continued expansion of the School estate to accommodate expected NOR. This will include a dedicated Science block, refurbishment of the existing Science accommodation to provide standard teaching classrooms, refurbishment of existing toilet facilities, provision of additional toilet facilities and provision of additional covered outdoor eating areas. Given the School's funding position, all of the above are dependent on a successful outcome in the Condition Improvement Fund.

-Construction of a full size 3G artificial playing pitch (planning permission currently submitted) at a cost of £500,000. The School has currently raised £92k and is actively seeking additional funding from Sport England.

**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 re-appointed as auditors of the company will be put to the members.

Governors' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 10/12/2014 and signed on the board's behalf by:

  
.....

**I M Fytche**

Chair of Governors

Dated: 10/12/2014

# BOURNE GRAMMAR SCHOOL

## (A COMPANY LIMITED BY GUARANTEE)

### GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2014**

#### 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 5 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	5	5
Dr C Atherton	4	5
R H Brown	3	4
Mrs J E Burrows	5	5
B J Fines	3	5
I Ford	0	1
I M Fytche	5	5
Mrs A Gale	5	5
G R Greatwood	1	1
P J Hyland	4	5
J P Maddox	5	5
I J G Mears	5	5
Mrs J Organ	5	5
M Ward	5	5
Dr I M Wheatley	5	5
Cllr Mrs S Woolley	5	5
N Smith	4	5
L Taylor	3	5
R Parker	5	5
Father C Atkinson	3	4
M Tupholme	4	4

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	4	5
G R Greatwood	1	1
J P Maddox	5	5
I J G Mears	4	5
M Ward	3	5
Cllr Mrs S Woolley	5	5
R Parker	5	5
R Brown	5	5

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

***FOR THE YEAR ENDED 31 AUGUST 2014***

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**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 2013 to 31 August 2014 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 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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; and
- 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.

The Responsible Officer has delivered their schedule of work as planned. There were no major issues arising as a result of the RO's work and all minor issues reported to the academy have been addressed.

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

***FOR THE YEAR ENDED 31 AUGUST 2014***

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**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:

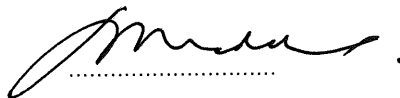
- the work of the Responsible Officer;
- the work of the external auditor; and
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

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 on 10/12/14..... 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 YEAR ENDED 31 AUGUST 2014**

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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**

Date: 10/1/14

**BOURNE GRAMMAR SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF GOVERNORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2014**

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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 12/12/2014 and signed on its behalf by:



**I M Fytche**  
Governor

# **BOURNE GRAMMAR SCHOOL**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL**

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We have audited the financial statements of Bourne Grammar School for the year ended 31 August 2014 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 2013-2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013-2014 issued by the Education Funding Agency.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

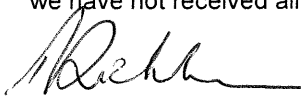
**BOURNE GRAMMAR SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL**

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**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: 11/12/14



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

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In accordance with the terms of our engagement letter dated 31 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013-2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

We conducted our engagement in accordance with the Academies: Accounts Direction 2013-2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. This work undertaken to draw our conclusions 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; and
- 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**

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**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 2013 to 31 August 2014 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)  
Reporting Accountant  
for and on behalf of Rawlinsons Chartered Accountants**

**Chartered Accountants  
Statutory Auditor**

Ruthlyn House  
90 Lincoln Road  
Peterborough  
Cambridgeshire  
PE1 2SP

Dated: 11/12/14

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

	Notes	Unrestricted funds £	Designated funds £	Restricted General funds £	Restricted Fixed Asset funds £	Total 2014 £	Total 2013 £
<b>Incoming resources from generated funds</b>							
Donations and legacies	2	3,139	11,757	-	-	14,896	111,469
Activities for generating funds	3	2,201	-	-	-	2,201	3,686
Investment income	4	369	557	-	-	926	2,484
		5,709	12,314	-	-	18,023	117,639
Incoming resources from charitable activities	5	135,154	397,348	4,852,611	21,246	5,406,359	5,957,980
<b>Total incoming resources</b>		<b>140,863</b>	<b>409,662</b>	<b>4,852,611</b>	<b>21,246</b>	<b>5,424,382</b>	<b>6,075,619</b>
<b>Resources expended</b>							
<b>Costs of generating funds</b>							
Costs of generating donations and legacies	6	-	7,032	-	-	7,032	2,319
<b>Net incoming resources available</b>		<b>140,863</b>	<b>402,630</b>	<b>4,852,611</b>	<b>21,246</b>	<b>5,417,350</b>	<b>6,073,300</b>
<b>Charitable activities</b>							
Core educational operations		110,582	389,236	4,998,962	240,259	5,739,039	5,514,084
Governance costs		-	-	17,949	-	17,949	11,463
<b>Total resources expended</b>		<b>110,582</b>	<b>396,268</b>	<b>5,016,911</b>	<b>240,259</b>	<b>5,764,020</b>	<b>5,527,866</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>30,281</b>	<b>13,394</b>	<b>(164,300)</b>	<b>(219,013)</b>	<b>(339,638)</b>	<b>547,753</b>
Gross transfers between funds		(30,281)	(99,000)	81,588	47,693	-	-
<b>Net incoming/(outgoing) resources</b>		<b>-</b>	<b>(85,606)</b>	<b>(82,712)</b>	<b>(171,320)</b>	<b>(339,638)</b>	<b>547,753</b>
<b>Other recognised gains and losses</b>							
Actuarial (loss)/gain on defined benefit pension schemes		-	-	(280,000)	-	(280,000)	13,000
<b>Net income / (expenditure) for the year</b>		<b>-</b>	<b>(85,606)</b>	<b>(362,712)</b>	<b>(171,320)</b>	<b>(619,638)</b>	<b>560,753</b>
Fund balances at 1 September 2013		-	120,599	(713,847)	11,713,791	11,120,543	10,559,790
<b>Fund balances at 31 August 2014</b>		<b>-</b>	<b>34,993</b>	<b>(1,076,559)</b>	<b>11,542,471</b>	<b>10,500,905</b>	<b>11,120,543</b>

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)**  
***FOR THE YEAR ENDED 31 AUGUST 2014***

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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 2014**

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	13	11,542,471		11,713,791	
<b>Current assets</b>					
Stocks		2,865		6,446	
Debtors	14	166,474		173,861	
Cash at bank and in hand		409,511		470,244	
		<u>578,850</u>		<u>650,551</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(458,416)</u>		<u>(424,799)</u>	
<b>Net current assets</b>		<u>120,434</u>		<u>225,752</u>	
<b>Total assets less current liabilities</b>		<u>11,662,905</u>		<u>11,939,543</u>	
<b>Defined benefit pension liability</b>	16	<u>(1,162,000)</u>		<u>(819,000)</u>	
<b>Net assets</b>		<u><u>10,500,905</u></u>		<u><u>11,120,543</u></u>	
<b>Funds of the School:</b>					
<b>Restricted funds</b>					
Restricted fixed asset fund	17	11,542,471		11,713,791	
Restricted general fund:	18				
Other restricted funds		85,441		105,153	
Pension reserve		<u>(1,162,000)</u>		<u>(819,000)</u>	
		<u>(1,076,559)</u>		<u>(713,847)</u>	
<b>Unrestricted funds</b>					
Designated funds	19	<u>34,993</u>		<u>120,599</u>	
		<u>34,993</u>		<u>120,599</u>	
<b>Total funds</b>		<u><u>10,500,905</u></u>		<u><u>11,120,543</u></u>	

The financial statements on pages 16 to 41 were approved by the governors, and authorised for issue on 10/12/2014 and are signed on their behalf by:



**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 2014**

	Notes	2014 £	2013 £
<b>Net cash (outflow)/ inflow from operating activities</b>	<b>21</b>	<b>(13,040)</b>	<b>233,200</b>
<b>Capital income / (expenditure)</b>			
Capital grants and income	21,246	672,309	
Payments to acquire tangible fixed assets	<u>(68,939)</u>	<u>(1,095,779)</u>	
<b>Net cash outflow from capital expenditure</b>		<b><u>(47,693)</u></b>	<b><u>(423,470)</u></b>
<b>Decrease in cash</b>	<b>22</b>	<b><u><u>(60,733)</u></u></b>	<b><u><u>(190,270)</u></u></b>

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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 2014**

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**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 2014**

---

**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.

The land and buildings from which the academy operate are leased from the Local Authority at £nil rent.

A commercial value of the lease has not been included in these accounts as expenditure or donated income.

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

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

**1 Accounting Policies**

**(continued)**

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

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

**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 funds £	Designated funds £	Total 2014 £	Total 2013 £
Donations and gifts	3,139	11,757	14,896	111,469

**3 Activities for generating funds**

	2014 £	2013 £
Lettings	2,201	3,686
<b>Net Activities for generating funds</b>	<b>2,201</b>	<b>3,686</b>

**4 Investment income**

	Unrestricted funds £	Designated funds £	Total 2014 £	Total 2013 £
Interest receivable	369	557	926	2,484

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

**5 Incoming resources from charitable activities**

	Unrestricted funds	Designated funds	Restricted funds	Restricted Fixed Asset funds	Total 2014	Total 2013
	£	£	£	£	£	£
Core educational operations	<u>135,154</u>	<u>397,348</u>	<u>4,852,611</u>	<u>21,246</u>	<u>5,406,359</u>	<u>5,957,980</u>

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

General Annual Grant (GAG)	4,781,758	4,698,967
Other EFA Grants	57,120	55,724
Local Authority Grants	13,733	55,329
Other EFA Grants - capital	21,246	630,363
Local Authority Grants - capital	-	41,946
	<u>4,873,857</u>	<u>5,482,329</u>

**6 Total resources expended**

	Staff costs	Depreciation	Other costs	Total 2014	Total 2013
	£	£	£	£	£
<b>Costs of generating funds</b>					
Costs of generating donations and legacies	-	-	7,032	7,032	2,319
<b>Charitable activities</b>					
<u>Core educational operations</u>					
Activities undertaken directly	3,180,293	240,259	996,429	4,416,981	4,292,903
Support costs	721,678	-	600,380	1,322,058	1,221,181
Total	<u>3,901,971</u>	<u>240,259</u>	<u>1,596,809</u>	<u>5,739,039</u>	<u>5,514,084</u>
<b>Governance costs</b>	-	-	17,949	17,949	11,463
	<u>3,901,971</u>	<u>240,259</u>	<u>1,621,790</u>	<u>5,764,020</u>	<u>5,527,866</u>

Included in other costs is £75,423 (2013 £71,627) of operating leases.

**Auditors' remuneration**

Fees payable to the auditor for the audit of the School's annual accounts	<u>9,200</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 2014**

**6 Total resources expended (continued)**

Fees payable to the auditor and its associates for other services		
Responsible officer work	<b>2,500</b>	3,125
Other services pursuant to legislation	<b>1,000</b>	2,700

**7 Activities undertaken directly**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other costs relating to core educational operations comprise:		
<b>Unrestricted funds</b>		
Educational supplies	7,000	-
Peripatetic music	-	25,991
Technology costs	31,755	22,556
Examination fees	13,027	13,133
<b>Restricted funds</b>		
Educational supplies	260,363	285,283
Technology costs	135,967	106,620
Travel and subsistence	6,081	14,096
Exam fees	113,408	98,014
Staff development	39,592	39,866
<b>Designated funds</b>		
School trips, uniform, peripatetic music and other events	389,236	375,511
	<b>996,429</b>	<b>981,070</b>

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**8 Support costs**

	2014 £	2013 £
<b>Restricted funds</b>		
Staff costs	721,678	618,647
Maintenance of premises	105,515	131,519
Occupancy costs	250,867	230,121
Other supplies and services	102,813	99,267
Catering	19,644	18,432
Technology costs	11,719	18,864
Recruitment and other indirect staff costs	51,022	43,987
	<b>541,580</b>	<b>542,190</b>
<b>Unrestricted funds</b>		
Maintenance of premises	58,800	12,882
<b>Restricted fixed asset funds</b>		
Maintenance of premises	-	47,462
	<b>1,322,058</b>	<b>1,221,181</b>

**9 Governance costs**

	2014 £	2013 £
Other governance costs comprise:		
Legal fees	8,004	1,950
Audit fees	9,200	9,000
Governors expenses	745	512
	<b>17,949</b>	<b>11,462</b>

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

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

Mr J Maddox, headteacher and trustee	£90k - £95k	(2013 £85k - £90k)
Ms M Armstrong, staff governor and trustee	£15k - £20k	(2013 £15k - £20k)
Dr C Atherton, staff governor and trustee	£45k - £50k	(2013 £45k - £50k)
Mr N Smith, staff governor and trustee	£40k - £45k	(2013 £40k - £45k)

During the year pension contributions of £28,460 (2013 £27,626) were paid to the Teachers Pension Scheme in respect of the above governors.

During the year ended 31 August 2014, governors expenses amounted to £745 (2013 £512).

Other related party transactions involving the governors are set out in note 26.

**11 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 2014 was £715 (2013 £676).

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 2014**

**12 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	2014 Number	2013 Number
Management	5	5
Teachers	61	59
Admin and support	36	37
	<u>102</u>	<u>101</u>

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

	2014 Number	2013 Number
Management	5	5
Teachers	60	57
Admin and support	30	30
	<u>95</u>	<u>92</u>

**Employment costs**

	2014 £	2013 £
Wages and salaries	3,154,656	2,941,480
Social security costs	236,705	220,217
Other pension costs	510,610	460,856
	<u>3,901,971</u>	<u>3,622,553</u>
Compensation payments	-	85,419
	<u>3,901,971</u>	<u>3,707,972</u>

During the year payments were made to agency staff of £39,760 (2013 £27,694).

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

(continued)

**12 Employees**

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

	<b>2014</b>	2013
	<b>Number</b>	Number
£60,000 - £70,000	1	-
More than £80,000	1	1

Of the employees whose emoluments exceed £60,000, 2 (2013 1) has retirement benefits accruing under Teachers' pension scheme. During the year ended 31 August 2014, pension contributions for the employees amounted to £21,473 (2013 £12,479).

**13 Tangible fixed assets**

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost / Value on transfer</b>			
At 1 September 2013	11,992,317	72,157	12,064,474
Additions	15,541	53,398	68,939
<b>At 31 August 2014</b>	<b>12,007,858</b>	<b>125,555</b>	<b>12,133,413</b>
<b>Depreciation</b>			
At 1 September 2013	334,984	15,699	350,683
Charge for the year	216,974	23,285	240,259
<b>At 31 August 2014</b>	<b>551,958</b>	<b>38,984</b>	<b>590,942</b>
<b>Net book value</b>			
<b>At 31 August 2014</b>	<b>11,455,900</b>	<b>86,571</b>	<b>11,542,471</b>
At 31 August 2013	11,657,333	56,458	11,713,791

**14 Debtors**

	<b>2014</b>	2013
	£	£
Other debtors	1,834	31,720
Prepayments and accrued income	164,640	142,141
	<b>166,474</b>	<b>173,861</b>



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

**FOR THE YEAR ENDED 31 AUGUST 2014**

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<b>15</b>	<b>Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Trade creditors	<b>134,125</b>	166,573
	Other creditors	<b>132,112</b>	125,369
	Accruals	<b>41,749</b>	9,000
	Deferred income	<b>150,430</b>	123,857
		<hr/>	<hr/>
		<b>458,416</b>	424,799
		<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 YEAR ENDED 31 AUGUST 2014**

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**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 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 2013.

Contributions amounting to £60,118 (2013: £53,934) were payable to the schemes at 31 August 2014 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

A copy of the valuation report and supporting documentation is on the Teachers Pension Website.

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**16 Pension and other post-retirement benefit commitments**

**(continued)**

**Teachers' Pension Scheme changes**

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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.

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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.

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**16 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 2014 was £156,756 (2013 £134,179), of which employer's contributions totalled £119,472 (2013 £101,248) and employees' contributions totalled £37,284 (2013 £32,930). The agreed contribution rates for future years are 21% for employers and between 5.5% and 8.5% for employees.

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

**Defined contribution (TPS)**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>328,138</u>	<u>304,608</u>

**Employee benefit obligations (LGPS)**

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	2,055,000	1,442,000
Fair value of plan assets	(893,000)	(623,000)
	<u>1,162,000</u>	<u>819,000</u>

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**16 Pension and other post-retirement benefit commitments**

**(continued)**

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

	<b>Defined benefit pension plans</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Included in staff costs within total resources expended</b>		
Current service cost	154,000	128,000
	<u>154,000</u>	<u>128,000</u>
<b>Net pension finance costs included within total resources expended</b>		
Interest on obligation	71,000	52,000
Expected return on pension scheme assets	(43,000)	(24,000)
	<u>28,000</u>	<u>28,000</u>
<b>Total</b>	<u><u>182,000</u></u>	<u><u>156,000</u></u>
 Actual return on plan assets	 <u><u>115,000</u></u>	 <u><u>70,000</u></u>
 <b>Included with other recognised gains and losses:</b>		
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Actual return less expected return on pension scheme assets	72,000	46,000
Experience gains and losses arising on scheme liabilities	(352,000)	(33,000)
	<u><u>(280,000)</u></u>	<u><u>13,000</u></u>

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**16 Pension and other post-retirement benefit commitments**

**(continued)**

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

	<b>Defined benefit pension plans</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	1,442,000	1,195,000
Current service cost	154,000	128,000
Interest cost	71,000	52,000
Contributions by scheme participants	38,000	34,000
Actuarial losses (gains)	352,000	33,000
Benefits paid	(2,000)	-
	<u>2,055,000</u>	<u>1,442,000</u>
Total	<u>2,055,000</u>	<u>1,442,000</u>

**Changes in fair value of plan assets are as follows:**

	<b>Defined benefit pension plans</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Opening fair value of plan assets	623,000	418,000
Expected return	43,000	24,000
Actuarial gains / (losses)	72,000	46,000
Contributions by employer	119,000	101,000
Contributions from scheme participants	38,000	34,000
Benefits paid	(2,000)	-
	<u>893,000</u>	<u>623,000</u>
	<u>893,000</u>	<u>623,000</u>

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

	<b>2014</b>	<b>2013</b>
	<b>%</b>	<b>%</b>
Equities	76.04%	76.89%
Bonds	12.99%	12.04%
Property	10.97%	11.08%
	<u>76.04%</u>	<u>76.89%</u>
	<u>12.99%</u>	<u>12.04%</u>
	<u>10.97%</u>	<u>11.08%</u>

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

**16 Pension and other post-retirement benefit commitments**

**(continued)**

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

	<b>2014</b>	<b>2013</b>
	<b>%</b>	<b>%</b>
Discount rate at 31 August 2014	3.70	4.60
Expected return on plan assets at 31 August 2014	5.80	6.10
Future salary increases	3.90	5.10
Future pension increases	2.60	2.80

**Mortality rates**

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

	<b>2014</b>	<b>2013</b>
	<b>years</b>	<b>years</b>
Current pensioners		
Males	22	21
Females	24	23
Future pensioners		
Males	25	24
Females	27	26

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

<b>Change in assumptions at 31 August 2014</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount</b>
0.5% decrease in Real Discount Rate	12%	£251,000
1 year increase in member life expectancy	3%	£62,000
0.5% increase in the Salary Increase Rate	5%	£111,000
0.5% increase in the Pension Increase Rate	6%	£133,000

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

**Defined benefit pension plans**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Defined benefit obligation	(2,055,000)	(1,442,000)	(1,195,000)
Plan assets	893,000	623,000	418,000
Surplus/(deficit)	(1,162,000)	(819,000)	(777,000)
Experience adjustments on plan liabilities	(352,000)	(33,000)	(41,000)
Experience adjustments on plan assets	72,000	46,000	10,000

The actuary has estimated the value of employer contributions for the year ended 31 August 2015 is £169,000.

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**17 Restricted fixed asset fund**

		Movement in funds			
	Balance at 1 September 2013	Incoming resources	Resources expended	Transfers	Balance at 31 August 2014
Capital formula grant	-	21,246	(21,246)	-	-
Property transferred at conversion	10,451,740	-	(192,260)	-	<b>10,259,480</b>
Fixed assets financed from grants	792,011	-	(17,353)	-	<b>774,658</b>
Fixed assets financed from GAG	113,457	-	(2,268)	-	<b>111,189</b>
Fixed assets financed from other funds	356,583	-	(7,132)	47,693	<b>397,144</b>
	<u>11,713,791</u>	<u>21,246</u>	<u>(240,259)</u>	<u>47,693</u>	<u><b>11,542,471</b></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**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**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:

	Balance at 1 September 2013 £	Incoming resources £	Movement in funds Resources expended £	Transfers £	Investments (losses)/gains £	Balance at 31 August 2014 £
General Annual Grant (GAG)	-	4,753,749	(4,835,337)	81,588	-	-
General Annual Grant: Insurance (GAG)	12,937	28,009	(40,946)	-	-	-
Pupil premium	-	39,423	(39,423)	-	-	-
EFA bursary 16-19	-	14,682	(14,682)	-	-	-
Other EFA grants	-	3,015	(3,015)	-	-	-
LCC/PCC pupil premium	-	3,939	(3,939)	-	-	-
SEN	-	9,795	(9,795)	-	-	-
Bourne Educational Foundation donation	92,216	-	(6,775)	-	-	85,441
Pension deficit	(819,000)	-	(63,000)	-	(280,000)	(1,162,000)
	<u>(713,847)</u>	<u>4,852,612</u>	<u>(5,016,912)</u>	<u>81,588</u>	<u>(280,000)</u>	<u>(1,076,559)</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 2014.

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 on new astro pitches at the School in the future.

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**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:

	Balance at 1 September 2013	Movement in funds			Balance at 31 August 2014
		Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
School fund	120,599	409,662	(396,268)	(99,000)	34,993
	<u>120,599</u>	<u>409,662</u>	<u>(396,268)</u>	<u>(99,000)</u>	<u>34,993</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.

**20 Analysis of net assets between funds**

	Unrestricted funds	Designated funds	Restricted funds	Restricted fixed asset funds	Total
	£	£	£	£	£
Fund balances at 31 August 2014 are represented by:					
Tangible fixed assets	-	-	-	11,542,471	11,542,471
Current assets	31,610	166,648	364,561	16,031	578,850
Creditors: amounts falling due within one year	(31,610)	(131,655)	(279,120)	(16,031)	(458,416)
Defined benefit pension liability	-	-	(1,162,000)	-	(1,162,000)
	<u>-</u>	<u>34,993</u>	<u>(1,076,559)</u>	<u>11,542,471</u>	<u>10,500,905</u>

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

**FOR THE YEAR ENDED 31 AUGUST 2014**

21	Net cash (outflow)/inflow from operating activities	2014 £	2013 £	
	Net movement in funds per Statement of Financial Activities	(339,638)	547,753	
	Capital fund income	(21,246)	(672,309)	
	Difference between pension charge and cash contributions	63,000	55,000	
	Depreciation of tangible fixed assets	240,259	222,509	
	Decrease in stocks	3,581	15,679	
	Decrease/(increase) in debtors	7,387	(62,457)	
	Increase in creditors	33,617	127,025	
		<u>(13,040)</u>	<u>233,200</u>	
22	Reconciliation of net cash flow to movement in net funds	2014 £	2013 £	
	Decrease in cash	(60,733)	(190,270)	
	Net funds at 1 September 2013	<u>470,244</u>	<u>660,514</u>	
	Net funds at 31 August 2014	<u><u>409,511</u></u>	<u><u>470,244</u></u>	
23	Analysis of net cash balances			
	At 1 September 2013 £	Cash flow £	Non-cash changes £	At 31 August 2014 £
	Cash at bank and in hand	<u>470,244</u>	<u>-</u>	<u>409,511</u>
		<u>470,244</u>	<u>-</u>	<u>409,511</u>

**BOURNE GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**24 Commitments under operating leases**

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

	2014 £	2013 £
Expiry date:		
Within one year	12,192	31,832
Between two and five years	94,829	96,295
	<u>107,021</u>	<u>128,127</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.

No individual has a controlling interest in the charitable company.

**26 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 may 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.

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.

The Bourne Educational Foundation, in which all of the trustees are governors at the school, has gifted £121 (2013 £148) to the school for prizes on the student Speech night.

**27 Comparatives**

A number of income and expenditure notes have been reanalysed for the prior period, in order to show a consistent approach in line with the latest EFA reporting requirements. This has not affected the surplus or deficit for the period.