

Company Registration No. 07850292 (England and Wales)

BOURNE GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

BOURNE GRAMMAR SCHOOL

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BOURNE GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

I M Fytche
R H Brown
J E Burrows
G R Greatwood
Cllr Mrs S Woolley
I J G Mears
P J Hyland (Term of office expired 6 October 2017)
M Armstrong (Resigned 1 October 2017)
J P Maddox (Accounting Officer)
Father C Atkinson
M S Tupholme (Term of office expired 17 October 2017)
L Taylor
R Elliot (Term of office expired 14 November 2018)
R J Parker
S Dharamraj (Chair of Governors)
K Addison (Resigned 31 August 2018)
S Nightingale
Dr J Howard (Resigned 14 November 2018)
C Delport
C F Hawkins
J A Barker (Appointed 2 October 2017)
J M Kendrew (Appointed 1 December 2017)
C J Moon (Appointed 1 December 2017)

Members

J P Maddox
I J G Mears
I M Fytche (Resigned 27 September 2017)
S Dharamraj (Appointed 27 September 2017)

Senior management team

- Headteacher	J P Maddox
- Deputy Headteacher	A G Ransom
- Deputy Headteacher (Academic)	M R Hewitt
- Assistant Headteacher (Pastoral)	M A Brunker
- Assistant Headteacher (Digital Strategy)	S A Brown
- Director of Business & Development	J L Gray

Accounting officer

J P Maddox

Company registration number

07850292 (England and Wales)

Registered office

South Road
Bourne
PE10 9JE

BOURNE GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Baldwins Audit Services
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Bankers

TSB PLC
30-31 Long Causeway
Peterborough
Cambridgeshire
PE1 1XP

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The 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.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

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.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 they are 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 they are elected. If a staff governor ceases to be a staff member then they 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 they continue to be employed by the School.

Policies and procedures adopted for the induction and training of governors

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.

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

Arrangements for setting pay and remuneration of key management personnel

The Leadership Team consists of the Headteacher, four Deputy Headteachers and the Director of Business & Development. All are paid within ranges, set by the governing body on each appointment, on the national Leadership Pay Spine. The Headteacher is a governor, trustee, member and director of the Academy Trust; his pay range is determined by the group of governors, led by the Chair of Governors, which manages his annual performance management. The range is reviewed from time to time and has been adjusted to reflect the School's growth in student numbers and the governors have also had regard to the published pay of Headteachers in schools of comparable size in the surrounding area. The ranges of the other members of the leadership team are reviewed by the Headteacher whose recommendations to the governing body are considered by the Finance & Premises Committee. Any annual increments awarded within the agreed ranges are approved by the Headteacher.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

There has been no time spent on trade union facility time during the year.

Related parties and other connected charities and organisations

Related parties have been identified by the governors in their annual disclosures of pecuniary interests. Further details are disclosed in note 25.

Objectives and activities

Objects and aims

The objective of the School in relation to all students on roll (Year 7 through to Sixth Form) is summed up by the School's purpose 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.

The Headteacher and leadership team lead on the development and implementation of the School development plan to ensure delivery of the School's purpose within the constraint of the allocated funding.

The expansion programme implemented in September 2012 in response to parental demand is on target and nearing completion. The expected number of students on roll once the School is fully expanded is in excess of 1650. The School, through rigorous and thorough financial planning and management, has been able to recruit the additional staff and develop the infrastructure to support the expansion.

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.

Strategic report

Achievements and performance

2018 GCSE Results:

16.9% of all grades achieved were Grade 9

54.0% of all grades achieved were Grade 9-7

95.1% achieved 5 or more GCSE Grades 9-4 including at least Grade 4 in English Language and Mathematics

89.4% achieved Grade 5 or above in the English Baccalaureate

+0.68 Progress score (well above average)

2018 A-Level Results:

12.4% of all grades achieved were A*

38.0% of all grades achieved were A*-A

86.3% of all grades achieved were A*-C

Average A-Level grade achieved = B

The Sixth Form has been growing in numbers and this is expected to continue as each expanded cohort of 240 students transitions into the Sixth Form. Environmental Science and Sociology A-Levels were introduced in September 2018 bringing the total number of A-Level subjects on offer to 27. No further subjects are needed or planned.

The School continues to invest in the estate. Work is planned over the next 2-3 years to redeploy and refurbish older parts of the estate to best meet the needs of a fully expanded school.

Sport plays a significant role within the life of the School and a planning application has recently been submitted for an artificial pitch facility to enhance the existing sports accommodation. Funding is already in place (S106 agreement) so that construction can commence once planning approval is received.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts.

A deficit arose during the period resulting in a deficit of GAG funds at the year end of £55,615. Plans are in place to recover this deficit and therefore the governors have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern.

Financial review

The School held fund balances at 31 August 2018 of £12,941,521 (2017 - £12,961,403) comprising (£1,219,910) (2017 - (£1,298,559)) of restricted funds and £nil (2017 - £52,867) of unrestricted general funds. Of the restricted funds, £14,161,431 (2017 - £14,207,095) is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £1,205,000 (2017 - £1,384,000) in deficit.

Reserves policy

As the lowest funded per pupil secondary School in Lincolnshire and having undertaken an ambitious programme of expansion, the School recognises the impact on its limited financial reserves. The School is confident that the introduction of the National Funding Formula (from 2018/19) and the financial impact of a significantly increased NOR, that its financial position remains secure.

The governors expect to spend the money received on the pupils in the school at the current time and retain a modest reserve in the order of £30k - £50k. Plans are in place to restore this level of unrestricted reserves

The Academy is confident that it will meet the required pension contributions from its projected income without significantly impacting on its planned level of charitable activity. It continues to calculate its 'free' or general unrestricted reserves without setting aside designated reserves to cover the pension liability.

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.

Principal risks and uncertainties

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.

Fundraising

The Academy is compliant with the recognised standards of fundraising set out in the Code of Fundraising Practice. Bourne Grammar School does not use professional fundraisers and there have been no complaints received by the Academy about fund raising activities carried out by the Academy in the year.

Plans for future periods

Future plans for the school include:

- Refurbishment of the old Science accommodation and other classrooms to provide a standard of accommodation (size, ambient environment etc.) of similar high specification to the new Science Block.
- Continuing to develop the optimum Sixth Form model to accommodate a Sixth Form of 450+ students.

Funds held as custodian trustee on behalf of others

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

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

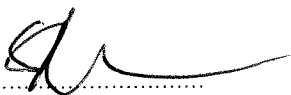
In so far as the governors are aware:

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

As a result of Rawlinsons joining the Baldwins Group, the auditors of the company have changed from Rawlinsons to Baldwins Audit Services.

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on ~~05/12/2018~~ 05/12/2018 and signed on its behalf by:



S Dharamraj

Chair of Governors

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As governors we acknowledge that 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 board of governors has delegated the day-to-day responsibility to the Headteacher, 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 board of governors 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 board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
I M Fytche	4	4
R H Brown	2	4
J E Burrows	4	4
G R Greatwood	2	4
Cllr Mrs S Woolley	2	4
I J G Mears	4	4
P J Hyland (Retired 6 October 2017)	0	1
M Armstrong (Resigned 1 October 2017)	1	1
J P Maddox (Accounting Officer)	4	4
Father C Atkinson	1	4
M S Tupholme (Resigned 17 October 2017)	0	1
L Taylor	2	4
R Elliot (Retired 14 November 2018)	2	4
R J Parker	3	4
S Dharamraj (Chair of Governors)	2	4
K Addison (Resigned 31 August 2018)	0	4
S Nightingale	2	4
Dr J Howard (Resigned 14 November 2018)	0	4
C Delport	4	4
C F Hawkins	4	4
J A Barker (Appointed 2 October 2017)	3	3
J M Kendrew (Appointed 1 December 2017)	2	3
C J Moon (Appointed 1 December 2017)	2	3
S Brett (Appointed 16 November 2018)	0	0
S Siddabattuni (Appointed 16 November 2018)	0	0

The finance and premises committee is a sub-committee of the main board of governors chaired by I J G Mears. Its purpose is to advise the Board of Governors in accordance with the terms of reference approved by the full governing body.

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
I M Fytche	2	3
R H Brown	3	3
I J G Mears	3	3
J P Maddox (Accounting Officer)	3	3
R Elliot (Retired 14 November 2018)	3	3
R J Parker	2	3
S Dharamraj (Chair of Governors)	1	3
S Nightingale	3	3
C F Hawkins	2	3

Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Staffing:

Recruiting the highest quality staff, teaching and non-teaching, remains a key priority of the School and considerable time and financial resource is spent on this activity. The recruitment of additional staff in English and Maths enables smaller set sizes with emphasis on all students reaching their potential through support for 'weaker' students and stretch and challenge for more able students. Resource is spent on CPD for staff with the objective of enhancing teaching and learning across the curriculum.

Non-teaching staff model is streamlined and efficient and best placed to meet the current needs of the School.

Financial Governance:

Financial governance of the School is overseen by the finance & premises committee in accordance with the School's finance policy. The F&P Committee meet regularly to oversee and review spending against income, preparation of annual budget, 3-year financial projections, recommendations of the Responsible Officer, compliance with guidelines published by the ESFA in the Academies Financial Handbook, health & safety and matters pertaining to the upkeep and expansion of the School estate. Governor approval must be sought for non-routine items over £2,000.

The School continually evaluates expenditure in all areas in order to demonstrate best value for money and to reduce expenditure where possible; an example being the change of printer contract and the reduction from two leased minibuses to one. The Support Staff structure has been reviewed and refined over recent years to deliver increased efficiency at a reduced cost.

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Risk and control:

Bourne Grammar School receives the lowest level of per pupil secondary school funding in Lincolnshire by a significant margin; £300 per pupil less than the average Lincolnshire Grammar School and £1,000 per pupil less than the national average secondary school. Despite this level of funding the School offers exceptional teaching and learning and offers outstanding value for money. This has only been made possible by the long-term expansion strategy that the School and Governors put in place in 2012.

The imminent implementation of the National Funding Formula should see the Yr 7-11 per pupil funding for the School rise to £4,600 in 2018/19 and to £4,800 in 2019/20. This will have a significant impact on the GAG allocation and allow the School to continue to recruit high quality staff and pay salary rises in line with external recommendations, carry out a programme of refurbishment, meet the Science Block loan repayments and to maintain an agreed level of reserves.

The School does not have surplus income; all funding is spent on delivering exceptional teaching and learning to all our students. All resource is spent on supporting the School's vision statement. Other risks are monitored and reviewed through the appropriate governor committees.

A Risk Register is in place and relevant risks are reviewed and updated at every committee meeting under the direction of the Chair of the committee.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bourne Grammar School for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- 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.

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The governing body has considered the need for a specific internal audit function and have decided to appoint Baldwins Holdings Limited t/as Rawlinsons 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. Three times a year 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 ESFA guidelines during the period.

Review of effectiveness

As accounting officer the Headteacher 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 work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and premises committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 05/12/2018 and signed on its behalf by:



J P Maddox
Accounting Officer



S Dharamraj
Chair of Governors

BOURNE GRAMMAR SCHOOL

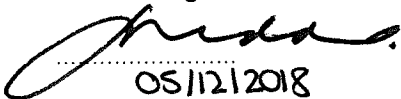
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Bourne Grammar School I have considered my responsibility to notify the academy trust board of governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of governors 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 2017.

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

J P Maddox
Accounting Officer



05/12/2018

BOURNE GRAMMAR SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The governors (who act as trustees for Bourne Grammar School and are also the directors of Bourne Grammar School for the purposes of company law) are responsible for preparing the governors' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

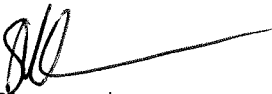
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of governors on 05/12/2018 and signed on its behalf by:



S Dharamraj
Chair of Governors

BOURNE GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Bourne Grammar School for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BOURNE GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the governors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of governors

As explained more fully in the statement of governors' responsibilities, the governors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the governors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BOURNE GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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



Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

...31.12.2018...

Statutory Auditor

Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

BOURNE GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BOURNE GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 22 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Bourne Grammar School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bourne Grammar School and ESFA, 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's funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion 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

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

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Mark Jackson FCA DChA

Reporting Accountant

Baldwins Audit Services

Ruthlyn House

90 Lincoln Road

Peterborough

Cambridgeshire

PE1 2SP

Dated: 5-12-2018

BOURNE GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	3,787	1,020	266,027	270,834	1,900,190
Charitable activities:						
- Funding for educational operations	4	354,869	6,159,496	-	6,514,365	6,415,277
Other trading activities	5	360	-	-	360	1,395
Investments	6	380	-	-	380	1,288
Total		<u>359,396</u>	<u>6,160,516</u>	<u>266,027</u>	<u>6,785,939</u>	<u>8,318,150</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	393,887	6,443,243	311,691	7,148,821	6,875,244
Total	7	<u>393,887</u>	<u>6,443,243</u>	<u>311,691</u>	<u>7,148,821</u>	<u>6,875,244</u>
Net income/(expenditure)		(34,491)	(282,727)	(45,664)	(362,882)	1,442,906
Transfers between funds	19	(18,376)	18,376	-	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	343,000	-	343,000	729,000
Net movement in funds		<u>(52,867)</u>	<u>78,649</u>	<u>(45,664)</u>	<u>(19,882)</u>	<u>2,171,906</u>
Reconciliation of funds						
Total funds brought forward		52,867	(1,298,559)	14,207,095	12,961,403	10,789,497
Total funds carried forward		<u>-</u>	<u>(1,219,910)</u>	<u>14,161,431</u>	<u>12,941,521</u>	<u>12,961,403</u>

BOURNE GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	9,365	800	1,890,025	1,900,190
Charitable activities:					
- Funding for educational operations	4	586,104	5,829,173	-	6,415,277
Other trading activities	5	1,395	-	-	1,395
Investments	6	1,288	-	-	1,288
Total		<u>598,152</u>	<u>5,829,973</u>	<u>1,890,025</u>	<u>8,318,150</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	659,764	5,965,973	249,507	6,875,244
Total	7	<u>659,764</u>	<u>5,965,973</u>	<u>249,507</u>	<u>6,875,244</u>
Net income/(expenditure)		(61,612)	(136,000)	1,640,518	1,442,906
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	729,000	-	729,000
Net movement in funds		(61,612)	593,000	1,640,518	2,171,906
Reconciliation of funds					
Total funds brought forward		114,479	(1,891,559)	12,566,577	10,789,497
Total funds carried forward		<u>52,867</u>	<u>(1,298,559)</u>	<u>14,207,095</u>	<u>12,961,403</u>

BOURNE GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	13		15,100,517		14,374,664
Current assets					
Debtors	15	148,951		120,908	
Cash at bank and in hand		457,709		1,676,695	
		<u>606,660</u>		<u>1,797,603</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(660,656)		(1,024,614)	
Net current assets			<u>(53,996)</u>		<u>772,989</u>
Total assets less current liabilities			<u>15,046,521</u>		<u>15,147,653</u>
Creditors: amounts falling due after more than one year	17		(900,000)		(802,250)
Net assets excluding pension liability			<u>14,146,521</u>		<u>14,345,403</u>
Defined benefit pension scheme liability	21		(1,205,000)		(1,384,000)
Net assets			<u><u>12,941,521</u></u>		<u><u>12,961,403</u></u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			14,161,431		14,207,095
- Restricted income funds			(14,910)		85,441
- Pension reserve			(1,205,000)		(1,384,000)
Total restricted funds			<u>12,941,521</u>		<u>12,908,536</u>
Unrestricted income funds	19		-		<u>52,867</u>
Total funds			<u><u>12,941,521</u></u>		<u><u>12,961,403</u></u>

The accounts on pages 19 to 46 were approved by the governors and authorised for issue on 05/12/2018 and are signed on their behalf by:



S Dharamraj
Chair of Governors

Company Number 07850292

BOURNE GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	22		(652,026)		495,411
Cash flows from investing activities					
Dividends, interest and rents from investments		380		1,288	
Capital grants from DfE Group		30,027		1,890,025	
Capital funding received from sponsors and others		236,000		-	
Purchase of tangible fixed assets		(1,031,117)		(3,000,633)	
Net cash used in investing activities			(764,710)		(1,109,320)
Cash flows from financing activities					
New other loan		197,750		802,250	
Net cash provided by financing activities			197,750		802,250
Net (decrease)/increase in cash and cash equivalents in the reporting period			(1,218,986)		188,341
Cash and cash equivalents at beginning of the year			1,676,695		1,488,354
Cash and cash equivalents at end of the year			<u>457,709</u>		<u>1,676,695</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Bourne Grammar School meets the definition of a public benefit entity under FRS 102.

The accounts are prepared in sterling, which is the functional currency of the academy trust. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors have made this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. A deficit arose during the period resulting in a deficit of GAG funds at the year end of £55,615. Plans are in place to recover this deficit and therefore the governors have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Land and buildings	2% straight line
Fixtures, fittings & equipment	25% straight line

Property introduced into the academy 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 the ESFA.

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

The land and buildings are leased under a 125 year lease.

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

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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

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

1.11 Fund accounting

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	30,027	30,027	1,890,025
s.106 grant	-	236,000	236,000	-
Other donations	3,787	1,020	4,807	10,165
	<u>3,787</u>	<u>267,047</u>	<u>270,834</u>	<u>1,900,190</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	6,022,220	6,022,220	5,691,720
Other DfE group grants	-	82,860	82,860	96,235
	-	6,105,080	6,105,080	5,787,955
Other government grants				
Local authority grants	-	34,425	34,425	27,504
Other funding				
Other incoming resources	354,869	19,991	374,860	599,818
Total funding	354,869	6,159,496	6,514,365	6,415,277

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Lettings	360	-	360	1,395

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	380	-	380	1,288

7 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018 £	Total 2017 £
		Premises £	Other £		
Academy's educational operations					
- Direct costs	4,376,870	-	861,680	5,238,550	5,075,980
- Allocated support costs	858,589	808,958	242,724	1,910,271	1,799,264
	5,235,459	808,958	1,104,404	7,148,821	6,875,244

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure	(Continued)	
Net income/(expenditure) for the year includes:	2018	2017
	£	£
Fees payable to auditor for:		
- Audit	9,850	9,650
- Other services	2,138	1,175
- Supplementary checks	1,250	1,250
Operating lease rentals	84,816	92,191
Depreciation of tangible fixed assets	305,264	243,072
Net interest on defined benefit pension liability	36,000	40,000
	<u> </u>	<u> </u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	364,600	4,873,950	5,238,550	5,075,980
Support costs				
Educational operations	29,287	1,880,984	1,910,271	1,799,264
	<u>393,887</u>	<u>6,754,934</u>	<u>7,148,821</u>	<u>6,875,244</u>

Analysis of costs

	2018 £	2017 £
Direct costs		
Teaching and educational support staff costs	4,361,930	3,974,833
Staff development	14,940	16,326
Technology costs	115,687	92,806
Educational supplies and services	204,837	239,524
Examination fees	162,076	158,486
Other direct costs	379,080	594,005
	<u>5,238,550</u>	<u>5,075,980</u>
Support costs		
Support staff costs	858,589	842,368
Depreciation	305,264	243,072
Recruitment and support	29,194	44,399
Maintenance of premises and equipment	180,834	210,811
Cleaning	139,327	111,202
Energy costs	79,126	70,644
Rent, rates and other occupancy costs	61,520	42,997
Insurance	42,887	44,529
Catering	31,457	24,821
Finance costs	36,000	40,000
Other support costs	104,724	98,200
Governance costs	41,349	26,221
	<u>1,910,271</u>	<u>1,799,264</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Governance costs		
	Total	Total
All from restricted funds:	2018	2017
	£	£
Amounts included in support costs		
Legal and professional fees	27,129	13,522
Auditor's remuneration		
- Audit of financial statements	9,850	9,650
- Other audit costs	3,388	2,425
Governors' reimbursed expenses	982	624
	<u>41,349</u>	<u>26,221</u>

10 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£	£
Wages and salaries	3,975,912	3,680,464
Social security costs	397,457	363,863
Pension costs	807,855	753,279
Staff costs	<u>5,181,224</u>	<u>4,797,606</u>
Agency staff costs	39,295	19,595
Staff development and other staff costs	14,940	16,326
Total staff expenditure	<u>5,235,459</u>	<u>4,833,527</u>

Staff numbers

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

	2018	2017
	Number	Number
Teachers	84	78
Administration and support	38	35
Management	6	6
	<u>128</u>	<u>119</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	3	3
£100,000 - £110,000	-	1
£110,000 - £120,000	1	-
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £627,002 (2017 - £602,959).

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Governors' remuneration and expenses

The Headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. During the year governors expenses amounted to £1,028 (2017 - £624).

The value of governors' remuneration was as follows:

Mr J Maddox (principal and trustee)

Remuneration £110,000 - £115,000 (2017 - £105,000 - £110,000)

Employer's pension contributions £10,000 - £15,000 (2017 - £15,000 - £20,000)

Ms M Armstrong (staff governor and trustee)

Remuneration £0 - £5,000 (2017 - £15,000 - £20,000)

Employer's pension contributions £0 - £5,000 (2017 - £0 - £5,000)

Miss K Addison (staff governor and trustee)

Remuneration £50,000 - £55,000 (2017 - £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2017 - £5,000 - £10,000)

Mr R H Brown (invigilator and trustee)

Remuneration £nil (2017 - £0 - £5,000)

Employer's pension contributions £nil (2017 - £nil)

Mr C Delpont (staff governor and trustee)

Remuneration £40,000 - £45,000 (2017 - £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2017 - £5,000 - £10,000)

Mr J Barker (staff governor and trustee) - appointed as trustee 2 October 2017

Remuneration £25,000 - £30,000 (2017 - £nil)

Employer's pension contributions £0 - £5,000 (2017 - £nil)

Other related party transactions involving the governors are set out within the related parties note.

12 Governors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 is included within total insurance costs.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2017	15,577,649	133,606	15,711,255
Additions	1,031,117	-	1,031,117
	<hr/>	<hr/>	<hr/>
At 31 August 2018	16,608,766	133,606	16,742,372
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 September 2017	1,215,739	120,852	1,336,591
Charge for the year	295,148	10,116	305,264
	<hr/>	<hr/>	<hr/>
At 31 August 2018	1,510,887	130,968	1,641,855
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 August 2018	15,097,879	2,638	15,100,517
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2017	14,361,910	12,754	14,374,664
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Trade debtors	1,712	40
Accrued income	14,734	33,694
Cash at bank and in hand	457,709	1,676,695
	<hr/>	<hr/>
Debt instruments measured at cost	474,155	1,710,429
	<hr/> <hr/>	<hr/> <hr/>
Carrying amount of financial liabilities		
Trade creditors	117,789	89,321
Other creditors	91,272	88,364
Accruals	51,787	621,032
ESFA capital loan	1,000,000	802,250
	<hr/>	<hr/>
Debt instruments measured at cost	1,260,848	798,717
	<hr/> <hr/>	<hr/> <hr/>

15 Debtors

	2018	2017
	£	£
Trade debtors	1,712	40
VAT recoverable	6,051	20,233
Prepayments and accrued income	141,188	100,635
	<hr/>	<hr/>
	148,951	120,908
	<hr/> <hr/>	<hr/> <hr/>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Creditors: amounts falling due within one year	2018 £	2017 £
ESFA capital loan	100,000	-
Trade creditors	117,789	89,321
Other taxation and social security	102,806	94,882
Other creditors	91,272	88,364
Accruals and deferred income	248,789	752,047
	<u>660,656</u>	<u>1,024,614</u>
	<u><u>660,656</u></u>	<u><u>1,024,614</u></u>
17 Creditors: amounts falling due after more than one year	2018 £	2017 £
ESFA capital loan	900,000	802,250
	<u>900,000</u>	<u>802,250</u>
	<u><u>900,000</u></u>	<u><u>802,250</u></u>
Analysis of loans		
Not wholly repayable within five years by instalments	400,000	302,250
Wholly repayable within five years	600,000	500,000
	<u>1,000,000</u>	<u>802,250</u>
Less: included in current liabilities	(100,000)	-
	<u>900,000</u>	<u>802,250</u>
Amounts included above	<u><u>900,000</u></u>	<u><u>802,250</u></u>
Loan maturity		
Debt due in one year or less	100,000	-
Due in more than one year but not more than two years	100,000	100,000
Due in more than two years but not more than five years	400,000	400,000
Due in more than five years	400,000	302,250
	<u>1,000,000</u>	<u>802,250</u>
	<u><u>1,000,000</u></u>	<u><u>802,250</u></u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18	Deferred income	2018 £	2017 £
	Deferred income is included within:		
	Creditors due within one year	197,002	131,015
		<u>197,002</u>	<u>131,015</u>
	Deferred income at 1 September 2017	131,015	197,653
	Released from previous years	(131,015)	(197,653)
	Resources deferred in the year	197,002	131,015
		<u>197,002</u>	<u>131,015</u>
	Deferred income at 31 August 2018	<u>197,002</u>	<u>131,015</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	6,022,220	(6,140,947)	63,112	(55,615)
Other DfE / ESFA grants	-	82,860	(82,860)	-	-
Other government grants	-	34,425	(34,425)	-	-
Other restricted funds	85,441	21,011	(21,011)	(44,736)	40,705
Pension reserve	(1,384,000)	-	(164,000)	343,000	(1,205,000)
	<u>(1,298,559)</u>	<u>6,160,516</u>	<u>(6,443,243)</u>	<u>361,376</u>	<u>(1,219,910)</u>
Restricted fixed asset funds					
DfE group capital grants	634,681	30,027	-	(664,708)	-
Capital expenditure from GAG	4,210,861	-	(103,382)	862,458	4,969,937
Property transferred at conversion	9,682,700	-	(192,260)	-	9,490,440
Fixed assets financed from GAG	104,651	-	(2,093)	168,659	271,217
Fixed assets financed from other funds	376,452	-	(7,529)	-	368,923
s.106 grant	-	236,000	(6,427)	(168,659)	60,914
ESFA capital loans	(802,250)	-	-	(197,750)	(1,000,000)
	<u>14,207,095</u>	<u>266,027</u>	<u>(311,691)</u>	<u>-</u>	<u>14,161,431</u>
Total restricted funds	<u>12,908,536</u>	<u>6,426,543</u>	<u>(6,754,934)</u>	<u>361,376</u>	<u>12,941,521</u>
Unrestricted funds					
General funds	67,353	25,651	(15,546)	(77,458)	-
School fund	(14,486)	333,745	(378,341)	59,082	-
	<u>52,867</u>	<u>359,396</u>	<u>(393,887)</u>	<u>(18,376)</u>	<u>-</u>
Total funds	<u>12,961,403</u>	<u>6,785,939</u>	<u>(7,148,821)</u>	<u>343,000</u>	<u>12,941,521</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

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

Restricted Fixed Asset funds represent capital funding received from the ESFA 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.

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 2018.

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.

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	5,691,720	(5,691,720)	-	-
Other DfE / ESFA grants	-	96,235	(96,235)	-	-
Other government grants	-	27,504	(27,504)	-	-
Other restricted funds	85,441	14,514	(14,514)	-	85,441
Pension reserve	(1,977,000)	-	(136,000)	729,000	(1,384,000)
	<u>(1,891,559)</u>	<u>5,829,973</u>	<u>(5,965,973)</u>	<u>729,000</u>	<u>(1,298,559)</u>
Restricted fixed asset funds					
DfE group capital grants	949,474	1,890,025	(6,435)	(2,198,383)	634,681
Capital expenditure from GAG	1,251,222	-	(40,994)	3,000,633	4,210,861
Property transferred at conversion	9,874,960	-	(192,260)	-	9,682,700
Fixed assets financed from GAG	106,786	-	(2,135)	-	104,651
Fixed assets financed from other funds	384,135	-	(7,683)	-	376,452
ESFA capital loans	-	-	-	(802,250)	(802,250)
	<u>12,566,577</u>	<u>1,890,025</u>	<u>(249,507)</u>	<u>-</u>	<u>14,207,095</u>
Total restricted funds	<u>10,675,018</u>	<u>7,719,998</u>	<u>(6,215,480)</u>	<u>729,000</u>	<u>12,908,536</u>
Unrestricted funds					
General funds	84,602	25,762	(55,011)	12,000	67,353
School fund	29,877	572,390	(604,753)	(12,000)	(14,486)
	<u>114,479</u>	<u>598,152</u>	<u>(659,764)</u>	<u>-</u>	<u>52,867</u>
Total funds	<u>10,789,497</u>	<u>8,318,150</u>	<u>(6,875,244)</u>	<u>729,000</u>	<u>12,961,403</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	11,713,940	(11,832,667)	63,112	(55,615)
Other DfE / ESFA grants	-	179,095	(179,095)	-	-
Other government grants	-	61,929	(61,929)	-	-
Other restricted funds	85,441	35,525	(35,525)	(44,736)	40,705
Pension reserve	(1,977,000)	-	(300,000)	1,072,000	(1,205,000)
	<u>(1,891,559)</u>	<u>11,990,489</u>	<u>(12,409,216)</u>	<u>1,090,376</u>	<u>(1,219,910)</u>
Restricted fixed asset funds					
DfE group capital grants	949,474	1,920,052	(6,435)	(2,863,091)	-
Capital expenditure from GAG	1,251,222	-	(144,376)	3,863,091	4,969,937
Property transferred at conversion	9,874,960	-	(384,520)	-	9,490,440
Fixed assets financed from GAG	106,786	-	(4,228)	168,659	271,217
Fixed assets financed from other funds	384,135	-	(15,212)	-	368,923
s.106 grant	-	236,000	(6,427)	(168,659)	60,914
ESFA capital loans	-	-	-	(1,000,000)	(1,000,000)
	<u>12,566,577</u>	<u>2,156,052</u>	<u>(561,198)</u>	<u>-</u>	<u>14,161,431</u>
Total restricted funds	<u>10,675,018</u>	<u>14,146,541</u>	<u>(12,970,414)</u>	<u>1,090,376</u>	<u>12,941,521</u>
Unrestricted funds					
General funds	84,602	51,413	(70,557)	(65,458)	-
School fund	29,877	906,135	(983,094)	47,082	-
	<u>114,479</u>	<u>957,548</u>	<u>(1,053,651)</u>	<u>(18,376)</u>	<u>-</u>
Total funds	<u>10,789,497</u>	<u>15,104,089</u>	<u>(14,024,065)</u>	<u>1,072,000</u>	<u>12,941,521</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	15,100,517	15,100,517
Current assets	228,802	316,944	60,914	606,660
Creditors falling due within one year	(228,802)	(331,854)	(100,000)	(660,656)
Creditors falling due after one year	-	-	(900,000)	(900,000)
Defined benefit pension liability	-	(1,205,000)	-	(1,205,000)
Total net assets	-	(1,219,910)	14,161,431	12,941,521

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	14,374,664	14,374,664
Current assets	249,409	913,513	634,681	1,797,603
Creditors falling due within one year	(196,542)	(828,072)	-	(1,024,614)
Creditors falling due after one year	-	-	(802,250)	(802,250)
Defined benefit pension liability	-	(1,384,000)	-	(1,384,000)
Total net assets	52,867	(1,298,559)	14,207,095	12,961,403

21 Pension and similar obligations

The academy trust'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 multi-employer 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 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £88,052 (2017 - £80,442) were payable to the schemes at 31 August 2018 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' 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.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £523,059 (2017 - £479,351).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.1% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £158,000.

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.

Total contributions made	2018 £	2017 £
Employer's contributions	157,000	177,000
Employees' contributions	42,000	43,000
Total contributions	199,000	220,000

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.8	2.8
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	22.1	22.1
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.6	26.6

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £	2017 £
0.5% decrease in Real Discount Rate	399,000	377,000
0.5% increase in the Salary Increase Rate	61,000	64,000
0.5% increase in the Pension Increase Rate (CPI)	334,000	307,000

The academy trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	1,622,060	1,493,700
Bonds	333,300	229,800
Property	244,420	172,350
Other assets	22,220	19,150
Total market value of assets	2,222,000	1,915,000

The actual return on scheme assets was £157,000 (2017: £128,000).

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations	(Continued)	
Amount recognised in the Statement of Financial Activities	2018	2017
	£	£
Current service cost	285,000	273,000
Interest income	(50,000)	(34,000)
Interest cost	86,000	74,000
	<hr/>	<hr/>
Total operating charge	321,000	313,000
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations		2018
		£
At 1 September 2017		3,299,000
Current service cost		285,000
Interest cost		86,000
Employee contributions		42,000
Actuarial gain		(236,000)
Benefits paid		(49,000)
		<hr/>
At 31 August 2018		3,427,000
		<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets		2018
		£
At 1 September 2017		1,915,000
Interest income		50,000
Actuarial gain		107,000
Employer contributions		157,000
Employee contributions		42,000
Benefits paid		(49,000)
		<hr/>
At 31 August 2018		2,222,000
		<hr/> <hr/>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

22 Reconciliation of net (expenditure)/income to net cash flow from operating activities	2018	2017
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(362,882)	1,442,906
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(266,027)	(1,890,025)
Investment income receivable	(380)	(1,288)
Defined benefit pension costs less contributions payable	128,000	96,000
Defined benefit pension net finance cost	36,000	40,000
Depreciation of tangible fixed assets	305,264	243,072
(Increase)/decrease in debtors	(28,043)	94,580
(Decrease)/increase in creditors	(463,958)	470,166
Net cash (used in)/provided by operating activities	(652,026)	495,411

23 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
Amounts due within one year	97,651	80,489
Amounts due in two and five years	103,515	84,655
	<u>201,166</u>	<u>165,144</u>

24 Capital commitments

	2018	2017
	£	£
Expenditure contracted for but not provided in the accounts	-	770,859

During the prior year the school were awarded a capital bid of £3,955,000, comprising a grant of £2,955,000 and an approved loan of £1,000,000, for the construction of a new science block. The build contract for the majority of the construction has completed during the year.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

25 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust'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 Education Foundation, in which all of the trustees are governors at the school, has gifted £121 (2017 - £121) to the school for prizes on the student Speech night.

26 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

No individual has a controlling interest in the charitable company.