

Bishop Wordsworth's Church of England Grammar School for Boys

(A Company Limited by Guarantee)

Second Annual Report and Financial Statements

Year ended 31 August 2012

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Company Registration Number 7525856 (England & Wales)

Bishop Wordsworth's Church of England Grammar School for Boys

Bishop Wordsworth's Grammar School for Boys

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	The Bishop of Salisbury The Salisbury Diocesan Board of Education The Chapter of Salisbury Cathedral The Chair of Governors
Governors (Trustees)	Mrs J Ranaboldo (Chair) Mr R W Herklots (V Chair) Prof A J Bell (From 1 May 2012) Mrs A Blevins (Resigned 30 January 2012) Mr N A Beer (Resigned 14 March 2012) Mr J Brazier (Resigned 15 December 2011) Miss M J Horsburgh (from 5 January 2012) Dr K J Monserrat* Mr T Papé OBE, DL* Canon E Probert Mr A Taylor* Mr A P Weale * (Representing the Bishop) Mr A Rutter (Parent governor) Mrs C Whittaker (Parent governor) Dr S D Smallwood PhD * (Headmaster and Accounting Officer) Mrs K Goodwin (Staff governor) Mrs E Oakley* (Staff Governor) Mr D J Twomey (Co-opted – to 10 April 2012) Mrs A Brown (Co-opted ex Staff Governor) Major H Davidson * (Co-opted ex LA Governor) Dr S Ghauri (Co-opted from 1 August 2012)
Company Secretary	Lieutenant Colonel D J Peerless MSc
Leadership Team	Mr G Lloyd MA (Deputy HM) Mr S Abbott B Mus (Head of Lower School) Mr R Burnside BA (Head of Sixth Form) Mr A Harmsworth BSc (Assistant Head) Mrs M Jenner BSc (Head of Middle School) Mrs J Lasham CSBM (Business Manager) Mrs Claire Makin BA (Assistant Head) Mr J Rogers BSc (Assistant Head)

* Member of Finance & Audit Committee

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Registered Office	11 The Close Salisbury SP1 2 ED
Company Registration Number	7525856 (England and Wales)
Independent Auditor	Moore Stephens (South) LLP Chartered Accountants 33 The Clarendon Centre Salisbury Business Park Dairy Meadow Lane Salisbury SP1 2TJ
Bankers	Lloyds TSB plc Blue Boar row Salisbury SP1 1DA
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

GOVERNORS' REPORT

1 The Governors present their second (and first full year) Annual Report together with the Financial Statements and Auditors' Report of Bishop Wordsworth's Church of England Grammar School for Boys, the charitable company, for the 12 months to 31 August 2012

STRUCTURE GOVERNANCE AND MANAGEMENT

2 **Constitution.** The School 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 School and are part of the Funding Agreement between the Company and the Secretary of State for Education. The Governors act as the trustees for the charitable activities of Bishop Wordsworth's Grammar School for Boys and are also the directors of the Charitable Company for the purposes of company law. Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on Page 3

3 **Members.** There are four members of the Academy Trust who are specified in the Articles of Association

- a The Bishop normally represented by a governor
- b The Salisbury Diocese Board of Education (SDBE) a corporate member represented by a SDBE member who is normally also a governor
- c The Chapter of the Salisbury Cathedral a corporate member represented by a Chapter member who is normally also a governor
- d The current elected Chair of the Governing Body

4 **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

5 **Principal Activities.** The School is a 'not for profit organisation' that provides secondary education for boys from 11-18 years of age. The School offers a balanced and broadly based curriculum until the age of 16 and an 'A' Level curriculum from age 16 to 18. The School has specialisms in Science and Languages and prepares boys for external examination and subsequent entry to higher education in a wide range of academic disciplines. Pupils are mainly drawn from the Salisbury area at age 11 and also from both Salisbury and a wider area across South Wiltshire and West Hampshire at 16+ entry. As well as academic work, the school offers an extensive and highly successful programme of extra-curricular activities for pupils from across the entire age range. The School is a selective school within the meaning of section 6(4) of the Academies Act 2010 and is

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designated with a religious character as Church of England. The Christian tradition is central to the core values of the School.

6 Governors. The directors/ trustees /governors are referred to as 'governors' and together form the 'Governing Body'. There are different classes of governors as described at Paragraph 9 but all have equal votes.

7 Governance. The Members meet at least once each year to hold an AGM. This meeting is normally held after a Governing Body Meeting with all governors present. Members may hold other general meetings if necessary. The Governing Body meets at least once a term and the Members are invited. Any items for Members only are voted on only by them. Responsibilities are as follows:

a Members. Members are primarily responsible for the ethos of the School and therefore powers to make, or apply to the DfE to make, fundamental changes to the School lie with them. For example (but not exclusively)

- (1) Changing the Status of the School from an academy
- (2) Changing the status of the school from a Church of England School
- (3) Changing the status of the School as a single sex school
- (4) Closing the School
- (5) Changing the name of the School
- (6) Seeking to change the Funding Agreement including the Articles of Association
- (7) Changing the Standing Orders of the Governing Body
- (8) Appointing/ dismissing 'Foundation' governors except for the Bishop who is 'ex officio'
- (9) Determine the process by which staff governors are appointed

b The Governing Body. The Governing Body is responsible for the general running of the School. Its core tasks are to define the strategic vision for the school and then seek to monitor progress and standards. It establishes strategy and receives regular reports from the Headmaster, advises, sets targets, monitors progress and monitors standards. It also approves the Curriculum for the School. Heads of departments, both academic and pastoral, and other focus areas are invited to present to the Governing Body on aspects of their work and most Governors are linked with an individual department or area of responsibility which they will regularly visit. One Governor is responsible for reviewing safety arrangements for all outdoor educational activities, another links up with the member of staff responsible for Special Educational Needs. Individual Governors attend the many school events throughout the year and several governors formally visit to view the School at work each year and report their findings to the Governing Body.

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c **Sub-Committees.** Much governors' work is delegated to sub committees which meet to give detailed consideration to issues, take decisions according to their delegated responsibilities and report back to the Governing Body

(1) **Evaluation Committee.** The Evaluation Committee meets annually to evaluate the performance of the Governing Body and to propose improvements if appropriate

(2) **Finance & Audit Committee.** The Finance & Audit Committee is concerned with the School's financial management, budget strategy and receiving external audit reports

(3) **Property Health & Safety Committee.** The Property, Health and Safety Committee considers all matters related to the premises and grounds, the Sports Centre and the safety of all those who work at or attend the School

(4) **Pay and Staffing Committee.** The Pay & Staffing Committee look after all matters of staffing, pay and conditions of service All job applicants for posts which entail membership of the Leadership Team are interviewed by Governors

(5) **Admissions Committee.** The Admissions Committee is responsible, within government requirements, for the policy governing all admissions to the School

(6) **Discipline Committee.** All non-staff governors are members of the Discipline Committee except the Chair of Governors It only sits if required to consider general matters of pupil and staff discipline and also supplies governors to chair and sit on discipline and appeals panels for both pupils and staff These panels are all aided by a professional representative

d **Curriculum Panel.** Governors are represented on the Curriculum Panel which sets the curriculum and the School's academic assessment and monitoring procedures

e **Audit.** The public funds of the school are audited annually To assist in the financial management of the school, the Governors have appointed an accountant as the Responsible Officer to undertake regular reviews of all financial processes and procedures The Governors are also the Trustees of the private funds which are inspected by the accountants as an 'Independent Examination' as they are below the threshold for audit

8 **Minutes.** Meetings are minuted by the Company Secretary and circulated to all Governors Minutes of the Governing Body are posted on the School Website under 'Governors' All minutes, including those of sub-committees are available for inspection in the Company Secretary's Office The Headmaster (who is a governor and the Accounting Officer) and Deputy Headmaster are fully involved in the work of all these committees and act in partnership with the Governors

9 Method of Recruitment and Appointment or Election of Governors.

a Appointment/ Election.

- (1) The Members appoint up to 12 governors, one of whom is the Diocesan Bishop who is ex-officio and who normally appoints a representative in his place
- (2) The Members may appoint 2 staff governors as follows (but have directed that, if possible, they be elected) a teacher, elected by the teaching staff, and a member of the support staff elected by the support staff
- (3) Two parent governors are elected by parents/guardians of pupils
- (4) The Headmaster is an ex-officio governor
- (5) The governors, with the consent of the Diocesan Board of Education, may appoint up to three people as co-opted governors

b Approach to Recruiting. Members and governors recruit people with religious beliefs and with a range experience that will benefit the School particularly in education, law, business, finance and accounting

10 Induction and Training of Members and Governors. New members and governors are given an extensive briefing on the governance of the school by the Company Secretary This includes meeting the Headmaster and the Chair of Governors, a tour of the School, the layout of the School Website including in particular the location of the governors' section, which sections of the governors' information pack to study initially and what training is available and appropriate Thereafter, the Company Secretary advises governors when relevant training courses are scheduled

11 Organisational Structure - School Staff.

a Leadership Team. The staff is led by the Headmaster, Deputy Headmaster and other senior staff who are the members of the Leadership Team Their main roles are as follows

- (1) Headmaster - overall responsibility with delegated powers for the day to day running of the school eg staff appointments other than those for the Leadership Team, financial contracts up to £75,000, subject options, exclusions up to 45 days per pupil per year and teaching standards He is also the Accounting Officer
- (2) Deputy Headmaster – Curricular Director
- (3) Assistant Head - Language College Director
- (4) Assistant Head - Continuous Professional Development
- (5) Assistant Head - Director of Sixth Form.
- (6) Assistant Head - Director of Assessment & ICT

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- (7) Business Manager
- (8) Head of Lower School
- (9) Head of Middle School

In addition, Heads of Department may be co-opted onto the Leadership Team and other staff attend when issues relevant to their roles are under discussion

b Line Management. The members of the Leadership Team are line managers for the Heads of Academic Departments

c School Organisation. The organisational divisions of the School reflect its academic and pastoral concerns

(1) **Academic Organisation.** The School is divided into academic departments. Heads of Departments manage their departments, they are budget holders and are responsible, amongst other things, for establishing departmental aims and objectives consistent with overall School development plans, setting targets, monitoring standards, apportioning resources, acting as line managers to undertake performance management reviews & appraisals and contributing to the professional development of colleagues

(a) Heads of Departments as a body meet formally with the Headmaster on six occasions during the academic year and individually for reviews in September and June

(b) The Deputy Headmaster meets each Head of Department formally once a year in the Spring Term

(c) The Curriculum Committee, chaired by the Curriculum Director, meets regularly to consider developments affecting the School's curricular provision and academic monitoring

(d) In addition the Director of Sport has overall responsibility for the leadership, management and organisation of both curricular and extra-curricular sport, together with the operation of the Sports Hall

(2) **Pastoral Organisation.** The School is divided into three sections. The Lower School comprises Years 7-9 (Key Stage 3), the Middle School is Years 10-11 (Key Stage 4) and the Upper School is Years 12-13 (the Sixth Form). The Heads of School work with a tutor team with whom they meet regularly. The role of the tutor is crucial because high academic standards and pupil welfare are seen as interlinked, hence nearly all full-time members act as tutors in which role they combine the roles of pastoral carer and academic manager of the pupils in their care. Sixth Form boys each have an academic tutor. Supplementary pastoral support is provided by the Senior Tutor and the Learning Support Co-ordinator

d Other Responsibilities. Certain additional cross-curricular themes and whole school responsibilities fall to various members of both teaching and

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support staff as follows Performance Management and Appraisal, Staff Development, Child Protection, Special Educational Needs (SEN), Information and Communication Technology, Personal, Social and Health Education (PSHE) and Careers

e **Professional Support Staff.** The professional support staff comprise staff in the Headmaster's Office, staff in the Finance Office (Business Manager and finance officers), clerical officers, language college support assistant, assistants to the Heads of School, exams office staff, admissions' staff, school receptionists, site management team, departmental technicians for chemistry, biology, physics, art & design and design technology, ICT network manager and team, school catering team, cover supervisors and the Company Secretary

12 **Risk Management.** Governors considered risks via a risk register under the following main headings Strategic, Infrastructure, Governance, Staffing, Pupils and Financial A non-linear matrix of risk likelihood vs severity is maintained to score risks, with current risk management and any further action required noted against each risk The Register is reviewed annually and appropriate action taken on any new or increased risks is identified In the opinion of the Governors, the School has established systems that, under normal circumstances, would allow the risks identified by them to be mitigated to an acceptable level in day-to-day operations Main areas considered and management mitigation are at Paragraph 26

13 **Connected Organisations Including Related Party Relationships.** The School is not connected in a corporate sense with any other bodies but does co-operate in 6th Form teaching with South Wilts Grammar School for Girls This co-operation takes the form of some 6th Form subjects being taught only in one school but open to pupils from both and some subjects having shared teaching between the schools This strategy allows a wider curriculum to be offered The cost of teaching provision is assessed by both schools annually and financial transfers made as appropriate

OBJECTIVES AND ACTIVITIES

14 **Objects and Aims.** The objects and aims of the School are the on-going provision of the principal activities described in Paragraph 5 Additionally, subsidiary aims are as follows

- a To advise and assist pupils with university entry
- b To provide the broadest possible range of extra-curricular activities and to encourage participation by boys
- c To provide benefit for the local population where this does not hinder the prime aim
- d To work with and support other local schools to enhance educational opportunity in the local area

15 Objectives, Strategies and Activities. The prime objective for this the second year of conversion to an academy was the continuity of provision of outstanding education to pupils after the conversion from voluntary aided to academy status and, in particular, to ensure that the costs and extra workload of conversion could continue to be sustained within budget and cash flow. The strategy for achieving this included setting up an academy working group to consider finance in the medium term, including the generation of additional income, and also the management of all risks including those associated with finance and funding. Additionally, a relationship has been established with a similar school for the Heads to visit each other's school and advise governors from their own experience on suitable strategies for school improvement.

16 Public Benefit. In setting objectives and planning activities the governors have given consideration to the Charity Commission's general guidance on public benefit. The public benefit is in providing education in accordance with the Principle Activities at Paragraph 5 and, additionally, in providing language classes and sports hall facilities to local residents and clubs.

ACHIEVEMENTS AND PERFORMANCE

17 Educational Performance. Both GCSE and 'A' Level results were at or above expectations.

a **GCSE.** 65% of the grades were at either A* or A and 19 boys passed all of their papers at A*/A. All of the boys gained at least 5 good GCSEs including Maths and English, 72% of the year group gained at least 5 A*/A grades and 95% passed their English Baccalaureate.

b **'A' Level.** Nearly 79% of the grades were 'B' or better and 14% of all papers were graded at 'A*'. 44 boys in the year group gained at least 3 'A' levels at 'A*/A' including one boy who scored 3 'A*' grades and one boy who passed all 5 of his subjects at A*.

c **University Entry.** 94 out of 115 (84%) of boys secured their first choice of university and the university entry breakdown is as follows:

Oxbridge	12
Other Russell Group	59
1994 Group	12
Other Universities	32

d **Gap Year.** In addition (as is usual) a number of boys chose to take a gap year in 2012-2013 and many will apply for university entry for September 2013.

e **Extra-curricular.** The School offers a wide variety of sports and competes against other schools. Additionally, training towards Duke of Edinburgh scheme Bronze, Silver and Gold awards is offered with, in the year, 95, 27 and 18 pupils respectively working towards the awards.

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18 Provision of Local Facilities. During the year the following facilities have been provided on repayment

- a **Sports Hall.** Access by clubs and individuals to the Sports Hall including the Fitness Suite
- b **Language Classes.** Provision of evening classes in Italian, French, Spanish, German, Russian and Mandarin
- c **Classroom Space.** Access to facilities during the latter part of the Summer term for a language school

19 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

20 Key Financial Performance Indicators. The key indicators are

a **Indicator 1.** The year-end revenue cash balance is within 2% of the agreed budget

(1) **Outcome.** The year-end figure was a £133,635 deficit and the budget was for a £170,178 deficit, (the deficit was mainly due to planned capital expenditure on new buildings). Therefore, on a circa £5M turnover, the variance is 0.7% and the performance requirement has been met

b **Indicator 2.** That the budget projections for the following three years should balance in year to within a 2% surplus or 2% deficit of turnover but also balance within an aggregate of 3% surplus or 1% deficit (of one year) over the three year period

(1) **Outcome.** The projections are 2012/13 £21,107 deficit, 2013/14 £57,129 deficit and 2014/15 £137,182 deficit. At respectively 0.4%, 1.2% and 2.7% of turnover this indicator is not met for the last year nor over the three years - and the latter by an unsustainable amount

(2) **Action.** Governors are urgently considering how to decrease expenditure/ increase income and intend to agree an action plan by the end of 2012

FINANCIAL REVIEW

21 The Statement of Accounts and Auditors' Report is on pages 23 to 45. It complies with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005). In relation to the figures below it should be noted that the previous period was the first period of operation and was 6 months while the period reported on was 12 months

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22 Income. The Accounts show that the main incoming resources were from educational funding totalling (previous year in brackets) £4,702,741 (£2,608,292) Income from activities for generating funds was £532,141 (£131,503), including Catering Income of £189,553 (£78,362) and exam fees of £17,528 (£12,196) Income from donations and private sources was £95,000 (£139,592) The income in the current year is greater than for the previous, rather than about half, because of donations towards capital building, donations from the Parents Association and because the main donation from the Gift Aid Fund is made at the end of the year

23 Expenditure. The main expenditure was on staff costs totalling £4,001,779 (£1,973,479) which includes £486,935 on Support Staff costs and £104,928 on Catering Staff costs Other significant expenditure was £113,270 (£43,395) on Catering, excluding staff costs, £153,955 (£210,811) on educational supplies, £113,946 (£31,832) on maintenance of premises and equipment, £101,732 (£75,219) on examination fees, £94,136 (£37,449) on cleaning, £77,350 (£31,021) on lighting & heating and £51,379 (£55,665) on ICT costs

24 Excess of Income. The income exceeded the resources expended on expenditure and management in the Period by £210,334 (£220,236) but this figure includes grants for new buildings of £284,000 and excludes the support staff defined benefit pensions' deficit inherited from Wiltshire Council This deficit was assessed by the 31 August 2012 projection (for FRS17 purposes) of the 30 March 2012 triennial valuation actuarial review to be £284,000 (£297,000)

25 Fixed Assets. The fixed assets of the School consist of buildings constructed since the Company was formed, computer equipment and motor vehicles which are shown on the Balance Sheet at a total of £363,646 (£71,146) Buildings leased on conversion to an academy are not shown on the Balance Sheet due to restrictive covenants on the leases

26 Total Fund Value. The excess of income in the Period together with the surplus brought forward plus the fixed assets and less the pension liability constitutes the value of the fund at £24,570 (£55,764)

27 Financial and Risk Management Objectives and Policies. The School has no investments other than bank balances and no trade creditors other than the Government Therefore, apart from the areas listed at Paragraph 26 below, the only material risk is the deficit on the staff defined pension scheme An FRS 17 actuarial review projection was carried out by Wiltshire County Council as at 31 August 2012 (as noted at Paragraph 22)

28 Principal Risks and Uncertainties. The objective and policy of risk management is to identify risks, score them in likelihood and severity and therefore grade them and to take management action to mitigate risk particularly for any with high grades The main risk headings considered were

- a **Deficit.** Company runs into deficit (excluding pension' liability) Mitigation produce medium term financial forecast to 3 years ahead, longer term to 5 years ahead and develop sources of additional income

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- b **Pensions Liability.** Pensions' liability becomes unsustainable
Mitigation review annually and increase contribution rate if appropriate
 - c **Additional Staffing Liabilities.** Increased in-year liabilities due to staffing issues maternity, long term illness, tribunals and redundancy Mitigation build annual contingency into budget and accumulate unused contingency in-year to a reserve
 - d **Finance Skills/ Misuse of Funds.** Financial controls and/or financial staff training may not be robust enough to identify possible problems Mitigation a firm of chartered accountants has been appointed to provide a 'Responsible Officer' to conduct a running monthly review of systems and account entries Additionally, the same firm has been retained to advise on financial procedures while the financial staff are working up the new accounting system and practices
 - e **Major Disaster.** Fire, explosion, flooding, vandalism/ burglary Mitigation policies to minimise risk and Major Incident Plan
 - f **Major Failure in Governance.** Mitigation robust internal management/ monitoring systems, third party insurance, annual review of policies and procedures
 - g **Staffing Issues.** Mitigation recruitment procedures, robust performance management, staff briefing and social events, involvement of staff in staff policies
 - h **Pupil issues.** Mitigation pastoral care and mentoring systems, external academic monitoring, trip risk management, safeguarding procedures
- 29 **Reserves Policy.** The School has a rolling programme of improvements both to its physical and technological infrastructure The School manages the flow and efficiency of these capital projects through careful financial planning and considers that there is a need to maintain a level of reserves sufficient to meet these commitments and to provide for unplanned expenditure Therefore, in the medium term, reserves will be increased when possible by the introduction of additional funding streams
- 30 **Investment Policy.** The investment policy is that all surplus funds are held as cash in bank

PLANS FOR FUTURE PERIODS

- 31 The main aims for the next three years are as follows
- a To use Academy Status as a platform for developing excellence and working with other primary and secondary schools to enhance educational quality in the region
 - b Further development of primary and secondary outreach work, including Continuous Professional Development (CPD)

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- c Further development of links with Higher Education, local community and business, including adult evening class programme and activities to utilise better the school's facilities during out-of-hours periods
- d To expand extra-curricular activities on a manageable, sustainable & affordable basis, encourage staff involvement and establish a regional reputation for the School in extra-curricular provision
- e To complete refurbishment of the older parts of the School site
- f To improve the quality of support and challenge for 6th Form pupils through mentoring and target setting in order to improve standards and results and so improve access to the most competitive institutions of higher education
- g To balance income and expenditure by decreasing expenditure and developing initiatives to generate additional income

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

32 The School has several private charitable funds for which the governors are the Trustees. All private funds are accounted for separately and subject to an annual independent review by the School's Auditors. Assets are all held as 'cash in bank'. The Funds are

- a **The School Fund.** Income includes pupil subscriptions, donations and contributions which are used to support activities such as sport, travel for school functions, hospitality, homework diaries and speech day prizes. The School Fund also acts as a 'banker' for various clubs and other funds within the School including drama, charity, music and chapel.
- b **The Foundation Fund.** The Foundation Fund holds interest bearing accounts for prize funds, bequests and the following memorial funds: Robert Gillo, Wort, Pam Errington, and Roger Pennells. In addition, there is a general reserve accumulated over the years from donations and interest. Resources are used to fund prizes, education and sports grants, school functions and guest speaker expenses. The Foundation Fund also receives dividends from the Humby Bequest investment which are then used at governors' discretion in support of the School.
- c **The Travel Fund.** The Travel Fund holds income received from pupils for school trips. Each trip is accounted for separately and any surplus money is refunded to the pupil after a small administrative charge. A school trip in deficit will be covered from reserves built up from interest earned. Subject to agreement by governors, these reserves may also be used to subsidise travel for a pupil whose parents are experiencing financial difficulties or a member of staff where the cost is high but attendance is essential.
- d **The Income Appeal.** Used to collect Gift Aid donations and apply them at governor's discretion for the educational benefit of the School.

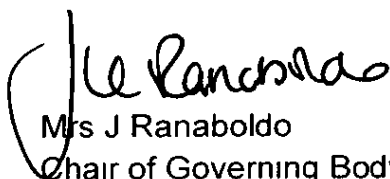
AUDITOR

33 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

34 It is expected that the Auditors will be reappointed by the Members for the year to 31 August 2013

APPROVAL

35 Approved by order of the Governing Body on 4 December 2012 and signed on its behalf by



Mrs J Ranaboldo
Chair of Governing Body and Academy Trust

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

36 As governors, we acknowledge we have overall responsibility for ensuring that Bishop Wordsworth's 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 the Headmaster, 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 Bishop Wordsworth's School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

37 The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has met formally five times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings Attended	Out of a Possible
Mrs J Ranaboldo (Chair)	5	5
Mr R W Herklots (V Chair)	5	5
Prof A J Bell	0	2
Mrs A Blevins	2	2
Mr N A Beer	2	2
Mr J Brazier	0	2
Mrs A Brown	5	5
Major H Davidson	3	5
Mrs K Goodwin	3	5
Dr S Ghauri	0	0
Miss M J Horsburgh	3	3
Dr K J Monserrat	2	5
Mrs E Oakley	3	5
Mr T Papé	4	5
Canon E Probert	4	5
Mr A Rutter	5	5
Dr S D Smallwood	5	5
Mr A Taylor	5	5
Mr D J Twomey	3	3
Mr A P Weale	5	5
Mrs C Whittaker	5	5

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38 The Finance and Audit Committee is a sub-committee of the main Governing Body Its purpose is to oversee all aspects of public and private finance including receiving reports from the external auditors The main issues during the year were to construct a budget for the 2012/13 year and to consider recommendations by the Responsible Officer and implement them as appropriate Attendance at the three meetings in the year was as follows

Governor	Meetings Attended	Out of a Possible
Mr A P Weale	3	3
Mr T Papé	1	3
Major H Davidson	2	3
Dr K Monserrat	2	3
Mrs E Oakley	1	3
Mr A Taylor	3	3
Dr S D Smallwood	3	3

INTERNAL CONTROL AND RISK

39 **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 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 Bishop Wordsworth's School for the year ended 31 August 2012 and up to the date of approval of the Annual Report and Financial Statements

40 **Capacity to Handle Risk.** The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the Annual Report and Financial Statements This process is regularly reviewed by the Governing Body

41 **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

- a Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body

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- b Regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- c Settings targets to measure financial and other performance
- d Clearly defined purchasing (asset purchase or capital investment) guidelines
- e Delegation of authority and segregation of duties
- f Identification and management of risks

42 Internal Audit. The Governing Body considered the need for a specific internal audit function and contracted Moore Stephens (South) LLP to provide a suitably qualified employee as Responsible Officer ('RO') The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems The role and audit plan are in accordance with the recommendations in the DoE issued 'Academies Financial Handbook' The RO reports to the Finance Committee at least termly (ie three times per year) on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities There were no material control or other issues reported by the RO in the period

43 Review of Effectiveness. As Accounting Officer, the Headmaster has responsibility for reviewing the effectiveness of the system of internal control During the year in question the review has been informed by

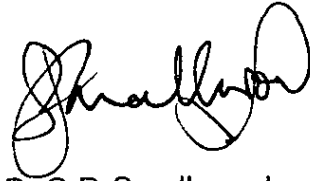
- a The work of the Responsible Officer
- b The end of year audit
- c The financial management and governance self-assessment process
- d The work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework

44 Post System Review Action. 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 Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place

APPROVAL

Approved by order of the Governing Body on 4 December 2012 and signed on its behalf by


Mrs J Ranaboldo
Chair of Governing Body and Academy Trust

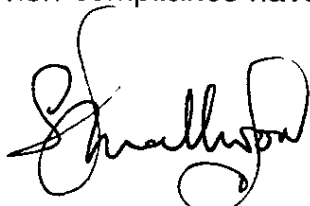

Dr S D Smallwood
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

45 As Accounting Officer of the Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency (EFA) 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

46 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

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



Dr S D Smallwood
Accounting Officer

STATEMENT OF GOVERNORS' RESPONSIBILITIES

48 The Governors (who act as trustees for charitable activities of Bishop Wordsworth's 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 Educational Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

49 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

- a Select suitable accounting policies and then apply them consistently
- b Observe the methods and principles in the Charities SORP
- c Make judgments and estimates that are reasonable and prudent

Bishop Wordsworth's Church of England Grammar School for Boys

d State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement

e Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business


50 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

51 The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform to the requirements both of propriety and of good financial management They are also responsible for ensuring grants received from the EPA/DfE have been applied for the purposes intended

52 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

APPROVAL

53 Approved by order of the Governing Body on 4 December 2012 and signed on its behalf by



Mrs J Ranaboldo

Chair of Governing Body and Academy Trust

**INDEPENDENT AUDITOR'S REPORTS TO THE
MEMBERS OF BISHOP WORDSWORTH'S
CHURCH OF ENGLAND GRAMMAR SCHOOL
FOR BOYS ON THE FINANCIAL STATEMENTS
AND ON REGULARITY**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BISHOP
WORDSWORTH'S CHURCH OF ENGLAND GRAMMAR SCHOOL FOR BOYS**

We have audited the financial statements of Bishop Wordsworth's Church of England Grammar School for Boys for the year ended 31st August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Academy'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'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 Academy 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 Auditor

As explained more fully in the Governors' Responsibilities Statement set out above, the Governors (who are also the Directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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'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' Report to identify material inconsistencies with the audited financial statements. 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's affairs as at 31st August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,

Bishop Wordsworth's Church of England Grammar School for Boys

- 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

Opinion on Other Matter Prescribed by the Companies Act 2006

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

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

Opinion on Other Matters Prescribed by the Academy's Funding Agreement with the Secretary of State for Education

- the financial statements have been prepared in accordance with the Financial Reporting Framework including the Accounts Direction 2011/12 issued by the EFA in respect of the relevant financial period, and
- proper accounting records have been kept



Andrew Williams

Senior Statutory Auditor

For and on behalf of Moore Stephens (South) LLP, Statutory Auditor

33 The Clarendon Centre

Dairy Meadow Lane

Salisbury Business Park

Salisbury

Wiltshire

SP1 2TJ

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO THE GOVERNING BODY OF BISHOP WORDSWORTH'S CHURCH
OF ENGLAND GRAMMAR SCHOOL FOR BOYS AND THE EDUCATION FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 7th March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bishop Wordsworth's Church of England Grammar School for Boys during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Bishop Wordsworth's Church of England Grammar School for Boys and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Bishop Wordsworth's Church of England Grammar School for Boys and the EFA those matters we are required to state to them 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 the Bishop Wordsworth's Church of England Grammar School for Boys and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of Bishop Wordsworth's Church of England Grammar School for Boys Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Bishop Wordsworth's Church of England Grammar School for Boys funding agreement with the Secretary of State for Education dated 1st March 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance in accordance with our engagement and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Bishop Wordsworth's Church of England Grammar School for Boys

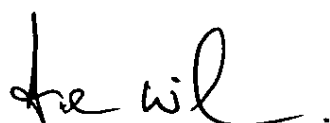
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we don't express a positive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

- consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance,
- analytical procedures on the general activities of the academy trust,
- a review of minutes of committees and board meetings which may be relevant to regularity,
- consideration of discussions with key personnel including the accounting officer and governing body,
- tests of control have been carried out on a control activity which are relevant to regularity,
- substantive testing of individual transactions

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 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Williams

Senior Statutory Auditor

For and on behalf of Moore Stephens (South) LLP, Statutory Auditor

33 The Clarendon Centre

Dairy Meadow Lane

Salisbury Business Park

Salisbury

Wiltshire

SP1 2TJ

**ACCOUNTS OF
BISHOP WORDSWORTH'S
CHURCH OF ENGLAND GRAMMAR SCHOOL
FOR BOYS**

FOR THE PERIOD

1 SEPTEMBER 2011 TO 31 AUGUST 2012

Bishop Wordsworth's Church of England Grammar School for Boys
Statement of Financial Activities for the Year Ended 31 August 2012

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2012	2011
	Note	£	£	£	£	£
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	95,000	-	-	95,000	139,592
Activities for generating funds	4	532,141	-	-	532,141	131,503
Investment income	5	611	-	-	611	140
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	6	-	4,384,823	317,918	4,702,741	2,608,292
Total Incoming Resources		<u>627,752</u>	<u>4,384,823</u>	<u>317,918</u>	<u>5,330,493</u>	<u>2,879,527</u>
Resources Expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		-	-	-	-	2,899
<i>Charitable activities</i>						
Academy's educational operations	8	228,694	4,842,624	12,907	5,084,225	2,629,989
Governance costs	9	-	35,934	-	35,934	26,403
Total Resources Expended	7	<u>228,694</u>	<u>4,878,558</u>	<u>12,907</u>	<u>5,120,159</u>	<u>2,659,291</u>
Net Incoming/(Outgoing) Resources						
Before Transfers		399,058	(493,735)	305,011	210,334	220,236
Gross transfers between funds	16	(419,095)	431,607	(12,512)	-	-
Net Incoming/(Outgoing) Resources Before Other Recognised Gains and Losses		(20,037)	(62,128)	292,499	210,334	220,236
Other Recognised Gains and Losses						
Brought forward defined benefit pension scheme liability	26	-	(284,000)	-	(284,000)	(297,000)
Actuarial (losses)/gains on defined benefit pension schemes	16,26	-	(130,000)	-	(130,000)	21,000
Net Movement in Funds		<u>(20,037)</u>	<u>(476,128)</u>	<u>292,499</u>	<u>(203,666)</u>	<u>(55,764)</u>
Reconciliation of Funds						
Total funds brought forward at 1 September 2011	16	102,809	54,280	71,147	228,236	-
Total Funds Carried Forward at 31 August 2012		<u>82,772</u>	<u>(421,848)</u>	<u>363,646</u>	<u>24,570</u>	<u>(55,764)</u>

All of the Academy's activities derive from continuing operations during the above financial period

Bishop Wordsworth's Church of England Grammar School for Boys
Balance Sheet as at 31 August 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed Assets					
Tangible assets	13		<u>363,646</u>		<u>71,146</u>
			363,646		71,146
Current Assets					
Debtors	14	92,903		159,011	
Cash at bank and in hand		<u>67,586</u>		452,290	
Total current assets		160,489		611,301	
Liabilities					
Creditors Amounts falling due within one year	15	<u>(75,565)</u>		(454,211)	
Net Current Assets			<u>84,924</u>		<u>157,090</u>
Total assets less current liabilities			448,570		228,236
Net Assets Excluding Pension Deficit			448,570		228,236
Pension scheme deficit	26		<u>(424,000)</u>		<u>(284,000)</u>
Net Assets Including Pension Deficit			<u>24,570</u>		<u>(55,764)</u>
Funds of the Academy.					
Restricted Income Funds					
Fixed asset fund(s)	16		363,646		71,147
General fund(s)	16		2,152		54,280
Pension reserve	16		<u>(424,000)</u>		<u>(284,000)</u>
Total Restricted Funds			<u>(58,202)</u>		<u>(158,573)</u>
Unrestricted Income Funds					
General fund(s)	16		<u>82,772</u>		<u>102,809</u>
Total Unrestricted Funds			<u>82,777</u>		<u>102,809</u>
Total Funds			<u>24,570</u>		<u>(55,764)</u>

The financial statements on pages 28 to 30 were approved by the Governors, and authorised for issue on 4 December 2012 and are signed on their behalf by


Mrs J Ranaboldo

Chair of the Governing Body and Academy Trust

Bishop Wordsworth's Church of England Grammar School for Boys
Cash Flow Statement for the Year Ended 31 August 2012

	Notes	2012 £	2011 £
Net Cash Inflow from Operating Activities	20	(113,826)	452,150
Returns on investments and servicing of finance	21	611	140
Capital expenditure	22	<u>(271,489)</u>	<u>-</u>
(Decrease)/Increase in Cash in Year	23	<u>(384,704)</u>	<u>452,290</u>
Reconciliation of Net Cash Flow to Movement in Net Funds			
Net funds at 1 September 2011		<u>452,290</u>	<u>-</u>
Net funds at 31 August 2012		<u>67,586</u>	<u>452,290</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012

1 Statement of Accounting Policies

Basis of Preparation

The financial statements 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.

Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants Receivable**
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.
- **Sponsorship Income**
Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.
- **Donations**
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other Income**
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.
- **Donated Services and Gifts in Kind**
The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

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**

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

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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.

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 lives, as follows:

Long leasehold buildings	2% Straight Line
Fixtures, fittings and equipment	15% Straight Line
ICT equipment	20% Straight Line
Motor Vehicles	25% Straight Line

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

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

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

Leased Assets

Rentals under operating leases are charged to the statement of financial activities on straight line basis over the lease term

Leasing arrangements which transfer to the Academy substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised and depreciated over the shorter of the lease term or the useful economic lives of the equivalently owned assets. The Academy buildings are leased from the Salisbury Diocesan Board of Education and Finance over varying long term periods, the Governing Body have concluded that due to restrictive covenants on the leases they should not be capitalised

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

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') 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 quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the academy trust 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

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses

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.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

2. General Annual Grant (GAG)

	2012 £	2011 £
a Results and Carry Forward for the Year		
GAG brought forward from previous year	54,280	-
GAG allocation for current year	<u>4,329,759</u>	<u>2,286,587</u>
Total GAG available to spend	4,384,039	2,286,587
Recurrent expenditure from GAG	<u>(4,384,039)</u>	<u>(2,232,307)</u>
GAG carried forward to next year	-	54,280
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(519,571)</u>	<u>(274,390)</u>
GAG to surrender to DfE	<u>(519,571)</u>	<u>(220,110)</u>
(12% rule breached if result is positive)	no breach	no breach
b Use of GAG Brought Forward from Previous Year for Recurrent Purposes		
(Of the amount carried forward each year, a maximum of 2% if GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	4,371,527	2,286,981
GAG allocation for current year	<u>(4,329,759)</u>	<u>(2,286,587)</u>
GAG allocation for previous year x 2%	<u>(45,732)</u>	<u>-</u>
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(3,964)	-
(2% rule breached if result is positive)	no breach	no breach

3. Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Donations – Capital	-	-	-	21,322
Other Donations	<u>95,000</u>	<u>-</u>	<u>95,000</u>	<u>118,270</u>
	<u>95,000-</u>	<u>-</u>	<u>95,000</u>	<u>139,592</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Other Income	7,195	-	7,195	-
Examination fee income	17,528	-	17,528	12,916
Joint course income with SWGG	36,023	-	36,023	-
Departmental income	136,992	-	136,992	-
Music income	31,066	-	31,066	15,725
Hire of facilities	39,093	-	39,093	-
Visits and trip income	74,691	-	74,691	24,500
Catering income	<u>189,553</u>	<u>-</u>	<u>189,553</u>	<u>78,362</u>
	<u>532,141</u>	<u>-</u>	<u>532,141</u>	<u>131,503</u>

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Bank interest received	<u>611</u>	<u>-</u>	<u>611</u>	<u>140</u>

6. Funding for Academy's educational operations

DfE/EFA Capital Grant

Academy Main Building Grant	-	33,918	33,918	52,742
Capital Grant	<u>-</u>	<u>284,000</u>	<u>284,000</u>	<u>-</u>
	<u>-</u>	<u>317,918</u>	<u>317,918</u>	<u>52,742</u>

DfE/EFA Revenue Grants

General Annual Grant (GAG) note 2	-	4,329,759	4,329,759	2,286,587
Other DfE/EFA Grants	<u>-</u>	<u>40,817</u>	<u>40,817</u>	<u>223,674</u>
	<u>-</u>	<u>4,370,576</u>	<u>4,370,576</u>	<u>2,510,261</u>

Other Government Grants

Other grants	-	14,247	14,247	-
School Standards Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,289</u>
	<u>-</u>	<u>14,247</u>	<u>14,247</u>	<u>45,289</u>

- 4,702,741 4,702,741 2,608,292

7 Resources Expended

	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2012 £	Total 2011 £
Costs of generating voluntary income	-	-	-	-	2,899
Academy's educational operations					
Direct costs	3,409,917	12,907	481,411	3,610,893	2,098,920
Allocated support costs	<u>591,862</u>	<u>323,227</u>	<u>264,900</u>	<u>1,179,990</u>	<u>531,069</u>
	<u>4,001,779</u>	<u>336,134</u>	<u>746,311</u>	<u>5,084,225</u>	<u>2,629,989</u>
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>35,934</u>	<u>35,934</u>	<u>26,403</u>
	<u>4,001,780</u>	<u>336,134</u>	<u>782,245</u>	<u>5,120,159</u>	<u>2,659,291</u>
				2012 £	2011 £

Incoming/Outgoing Resources for the Year Include

Operating leases	-	-
Fees payable to auditor - audit	4,895	4,750
- other services	<u>7,374</u>	<u>1,500</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

8 Charitable Activities – Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Direct Costs				
Teaching and educational support staff costs	-	3,409,917	3,409,917	1,695,361
Depreciation	-	12,907	12,907	2,917
Educational supplies	-	153,955	153,955	210,811
Visits and trip expenditure	76,508	-	76,508	6,255
Examination fees	-	101,732	101,732	75,219
Staff development	-	19,317	19,317	8,882
ICT costs	-	51,379	51,379	55,665
Music fees	38,916	-	38,916	25,142
Other direct costs	-	39,604	39,604	18,398
	<u>115,424</u>	<u>3,788,811</u>	<u>3,904,235</u>	<u>2,098,920</u>
Allocated Support Costs				
Support staff costs	-	486,935	486,935	278,118
Catering staff costs	-	104,928	104,928	
Catering (excluding staff costs)	113,270	-	113,270	43,395
Recruitment and support	-	9,277	9,277	1,713
Maintenance of premises and equipment	-	113,946	113,946	31,832
Cleaning	-	94,136	94,136	37,449
Rent & rates	-	46,369	46,369	24,453
Light & Heat	-	77,350	77,350	31,021
Marketing	-	1,715	1,715	2,899
Telephones	-	3,916	3,916	2,156
Insurance	-	39,986	39,986	23,874
Transport & travel costs	-	28,790	28,790	16,792
Subsistence & Related Costs	-	16,479	16,479	2,129
Bank interest and charges	-	2,591	2,591	1,257
Other support costs	-	40,302	40,302	36,880
	<u>113,270</u>	<u>1,066,720</u>	<u>1,179,990</u>	<u>533,968</u>
Total Resources Expended	<u>228,694</u>	<u>4,855,531</u>	<u>5,084,225</u>	<u>2,632,888</u>

9. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Legal and professional fees	-	186	186	9,936
Payroll Support	-	13,479	13,479	3,119
Auditor's remuneration				
- Audit of financial statements	-	8,519	8,519	5,023
- Responsible Officer internal audit	-	3,750	3,750	-
Support costs	-	10,000	10,000	8,000
Governors' publication expenses	-	-	-	325
	<u>-</u>	<u>35,934</u>	<u>35,934</u>	<u>26,403</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

10. Staff Costs

	2012 £	2011 £
Staff costs during the period were		
Wages and salaries	3,265,591	1,606,998
Social security costs	246,259	118,264
Pension costs	485,862	229,507
	<u>3,997,712</u>	<u>1,954,769</u>
Supply teacher costs	4,067	18,710
	<u>4,001,779</u>	<u>1,973,479</u>

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents were as follows

	2012 No	2011 No
Charitable Activities		
Teachers	56	57
Administration and support	30	31
Management	8	8
	<u>94</u>	<u>96</u>

The number of employees whose emoluments fell within the following bands was

£60,001 - £70,000	0	0
£70,001 - £80,000	0	0
£80,001 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for this member of staff amounted to £11,595 (2011 £5,802)

11. Governors' Remuneration and Expenses

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

Principal S Smallwood	£80,001 – £90,000
Staff Governor A Brown	£0 – £10,000
Staff Governor K Goodwin	£20,001 - £30,000
Staff Governor E Oakley	£0 - £10,000

During the year ended 31 August 2012, no travel and subsistence expenses were reimbursed to governors. Costs relating to the Governors annual meal amounted to £397 during the year.

Related party transactions involving the trustees are set out in Note 27

12. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the total insurance cost for the year ended 31 August 2012 was £35,068 (2011 £19,359)

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

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

13 Tangible Fixed Assets

	Freehold Land and Buildings £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
At 1 September 2011	52,742	14,110	7,211	74,063
Additions	300,326	-	5,081	305,407
Disposals	-	-	-	-
At 31 August 2012	<u>353,068</u>	<u>14,110</u>	<u>12,292</u>	<u>379,470</u>
Depreciation				
At 1 September 2011	-	2,016	901	2,917
Charged in year	7,063	3,024	2,820	12,907
Disposals	-	-	-	-
At 31 August 2012	<u>7,063</u>	<u>5,040</u>	<u>3,721</u>	<u>15,824</u>
Net book values				
At 31 August 2012	<u>346,005</u>	<u>9,070</u>	<u>8,571</u>	<u>363,646</u>
At 31 August 2011	<u>52,742</u>	<u>12,094</u>	<u>6,310</u>	<u>71,146</u>

The school buildings are leased from the Salisbury Diocesan Board of Education and Finance over varying long term periods, the Governing Body have concluded that due to restrictive covenants on the leases they should not be capitalised and determining the open market rent of the leases due to the complexity of the site would be impracticable

The insured replacement cost value of the school buildings is £16,060,000

14 Debtors

	2012 £	2011 £
Trade debtors	10,101	4,277
Prepayments	38,298	16,616
Sundry debtors	44,504	138,118
	<u>92,903</u>	<u>159,011</u>

15 Creditors: Amounts Falling Due Within One Year

	2012 £	2011 £
Trade creditors	197	-
Other creditors	65,250	145,846
Accruals and deferred income	10,118	308,365
	<u>75,565</u>	<u>454,211</u>
Deferred Income	2012 £	2011 £
Deferred Income at 1 September 2011	305,390	-
Resources deferred in the year	10,118	305,390
Amounts released from previous years	(305,390)	-
Deferred Income at 31 August 2012	<u>10,118</u>	<u>305,390</u>

Deferred income relates to the ACMF grant, Bursary grant and trips and visits income which was received in the year to 31 August 2012 but actually relates to the year ended 31 August 2013

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

16 Funds

	Balance at 1 September 2011 £	Incoming Resources £	Resources Expended £	Gains Losses and Transfer £	Balance at 31 August 2012 £
Restricted General Funds					
General Annual Grant (GAG)	54,280	4,329,759	(4,815,646)	431,607	-
Other DfE/EFA grants	-	40,817	(38,665)	-	2,152
LEA and other grants	-	14,247	(14,247)	-	-
Pension reserve	(284,000)	-	(10,000)	(130,000)	(424,000)
	<u>(229,720)</u>	<u>4,384,823</u>	<u>(4,878,558)</u>	<u>301,607</u>	<u>(421,848)</u>
Restricted Fixed Asset Funds					
DfE/EFA capital grants	71,147	317,918	(12,907)	-	376,158
Capital expenditure from GAG	-	-	-	(12,512)	(12,512)
	<u>71,147</u>	<u>317,918</u>	<u>(12,907)</u>	<u>(12,512)</u>	<u>363,646</u>
Total Restricted Funds	<u>(158,573)</u>	<u>4,702,741</u>	<u>(4,891,465)</u>	<u>289,095</u>	<u>(58,202)</u>
Unrestricted Funds					
Unrestricted funds	102,809	627,752	(228,694)	(419,095)	82,772
Total Unrestricted Funds	<u>102,809</u>	<u>627,752</u>	<u>(228,694)</u>	<u>(419,095)</u>	<u>82,772</u>
Total Funds	<u>(55,764)</u>	<u>5,330,493</u>	<u>(5,120,159)</u>	<u>(130,000)</u>	<u>24,570</u>

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

The Restricted fixed asset funds have been used to buy capital assets in the school
The Unrestricted funds are donations and other trading activities that have been applied for educational purposes
Other DfE/EFA grants have been applied in the specific purposes of their issue

17. Analysis of Net Assets Between Funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	363,646	363,646
Current assets	-	160,489	-	160,489
Current liabilities	-	(75,565)	-	(65,879)
Pension scheme liability	(424,000)	-	-	(424,000)
Total Net Assets	<u>(424,000)</u>	<u>84,924</u>	<u>363,646</u>	<u>24,570</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

18 Capital Commitments

	2012 £	2011 £
Contracted for, but not provided in the financial statements	Nil	250,000

19 Financial Commitments

Operating leases

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

	2012 £	2011 £
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	<u>21,700</u>	<u>21,700</u>
	<u>21,700</u>	<u>21,700</u>
<u>Other</u>		
Expiring within one year	-	1,537
Expiring within two and five years inclusive	6,822	-
Expiring in over five years	<u>-</u>	<u>-</u>
	<u>6,822</u>	<u>1,537</u>

20 Reconciliation of Consolidated Operating (Deficit)/Surplus to Net Cash Inflow from Operating Activities

	2012 £	2011 £
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	210,334	220,236
Depreciation (Note 13)	12,907	2,917
Capital grants from DfE and other capital income	(33,918)	-
Interest receivable (Note 5)	(611)	(74,064)
FRS 17 pension cost less contributions payable (Note 26)	(1,000)	3,000
FRS 17 pension finance income (Note 26)	11,000	5,000
(Increase)/decrease in debtors	66,108	(159,011)
Increase/(decrease) in creditors	<u>(378,646)</u>	<u>454,212</u>
Net cash Inflow from Operating Activities	<u>(113,826)</u>	<u>452,150</u>

21 Returns on Investments and Servicing of Finance

	2012 £	2011 £
Interest received	<u>611</u>	<u>140</u>
Net Cash Inflow from Returns on Investment and Servicing of Finance	<u>611</u>	<u>140</u>

22. Capital Expenditure and Financial Investment

	2012 £	2011 £
Purchase of tangible fixed assets	(305,407)	(52,742)
Capital grants from DfE/EFA	<u>33,918</u>	<u>52,742</u>
	<u>(271,489)</u>	<u>-</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

23 Analysis of Charges in Net Funds

	At 1 September 2011 £	Cash Flows £	At 31 August 2012 £
Cash in hand and at bank	<u>452,290</u>	<u>(384,704)</u>	<u>67,586</u>
	<u>452,290</u>	<u>(384,704)</u>	<u>67,586</u>

24 Contingent Liabilities

The school had no contingent liabilities as at the 31 August 2012

25. Members' Liability

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

26 Pension and Similar Obligations

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 Wiltshire Council Both are defined-benefit schemes

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

Teachers' Pension Scheme

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

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

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

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

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £140,000, of which employer's contributions totalled £105,000 and employees' contributions totalled £35,000.

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.50%	4.90%
Rate of increase for pensions in payment/inflation	2.20%	2.60%
Discount rate for scheme liabilities	4.10%	5.40%
Inflation assumption (CPI)	2.20%	2.60%
Commutation of pensions to lump sums	50.00%	50.00%

The above assumptions are set with reference to market conditions at 31 August 2012. The RPI increase assumption is derived by considering the difference in the yields available on the fixed interest and index linked government bonds. The pension increase assumption will be in line with the Consumer Prices Index (CPI). The CPI assumption will be calculated as RPI less 0.8% per annum.

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	21.3	19.8
Females	23.6	23.9
<i>Retiring in 20 years</i>		
Males	24.9	21.9
Females	25.5	25.8

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2012	Fair value at 31 August 2012 £	Expected return at 31 August 2011	Fair value at 31 August 2011
Equities	5.50%	546,000	6.80%	395,000
Other Bonds	3.50%	155,000	3.80%	125,000
Property	3.70%	90,000	4.80%	82,000
Cash	2.80%	<u>24,000</u>	3.00%	<u>25,000</u>
Total Market Value of Asset		815,000		627,000
Present value of scheme liabilities				
- Funded		<u>(1,239,000)</u>		<u>(911,000)</u>
Surplus/(Deficit) in the Scheme		<u>(424,000)</u>		<u>(284,000)</u>

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (ie As at 1 September 2011 for the year to 31 August 2012). The return on gilts and other bonds are assumed to be gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on the scheme assets was (£64,000) loss (2011 £15,000 gain)

Total Expenditure Recognised in the Statement of Financial Activities

	2012 £	2011 £
Current service cost (net of employee contributions)	104,000	54,000
Past service cost	-	-
Total operating charge	<u>104,000</u>	<u>54,000</u>

Analysis of Pension Finance Income/(Costs)

Expected return on pension scheme assets	(42,000)	(20,000)
Interest on pension liabilities	<u>53,000</u>	<u>25,000</u>

Pension Finance Income/(Costs)	<u>11,000</u>	<u>5,000</u>
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The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £109,000 loss (2011 £21,000 gain)

Movements in the Present Value of Defined Benefit Obligations were as Follows:

	2012 £	2011 £
At 1 September 2011	911,000	871,000
Current Service cost	104,000	54,000
Interest cost	53,000	25,000
Employee contributions	35,000	17,000
Actuarial (gain)/loss	<u>136,000</u>	<u>(56,000)</u>
At 31 August 2012	<u>1,239,000</u>	<u>911,000</u>

Movements in the Fair Value of Academy's Share of Scheme Assets.

	2012 £	2011 £
At 1 July 2011	627,000	574,000
Expected return on assets	42,000	20,000
Actuarial (gain)/loss	6,000	(35,000)
Employer contributions	105,000	51,000
Employee contributions	<u>35,000</u>	<u>17,000</u>
At 31 August 2012	<u>815,000</u>	<u>627,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £105,000

Bishop Wordsworth's Church of England Grammar School for Boys
Notes to the Financial Statements for the Year Ended 31 August 2012
(continued)

The Two Year History of Experience Adjustments is as Follows:

	2012 £	2011 £
Defined benefit obligation at end of year	(1,239,000)	(911,000)
Fair value of plan assets at end of year	<u>815,000</u>	<u>627,000</u>
Deficit	<u>(424,000)</u>	<u>(284,000)</u>

27 Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The board of governors are required to disclose any such transactions in the academy's register of interests. In the year to the 31 August 2012, no such transactions were disclosed and no such transactions were noted.

28. Academy Trading Account for the Year Ended 31 August 2012

	Notes	2012 £	2011 £
Income			
DfE/YPLA General Annual Grant (GAG)	6	4,329,759	2,286,587
DfE/YPLA Capital Grants	6	317,918	52,742
Other DfE/YPLA Grants	6	40,817	223,674
Other Government Grants	6	-	45,289
Voluntary income	3	95,000	139,592
Investment income	5	611	140
Activities for generating funds	4	<u>576,387</u>	<u>131,503</u>
Total Income		5,360,492	2,879,527
Expenditure			
Staff costs	7	4,001,779	1,973,479
Non pay expenditure			
- Premises	7	306,884	134,401
- Other	7	911,753	548,494
Depreciation	13	<u>12,907</u>	<u>2,917</u>
Total expenditure		<u>5,233,323</u>	<u>2,659,291</u>
Net Income/(Expenditure) for the Year		<u>127,169</u>	<u>220,236</u>

The income and expenditure account is derived from the Statement of Financial Activities on page 28 which, together with the Notes to the Financial Statements on pages 31 – 45 provides full information on the movements during the year on all the funds of Bishop Wordsworth Grammar Church of England Grammar School for Boys.

All of the Academy's activities derived from continuing operations during the above two financial period.