

Bishop Wordsworth's Church of England Grammar School for Boys

(A Company Limited by Guarantee)

Third Annual Report and Financial Statements

Year ended 31 August 2013

Company Registration Number 7525856 (England & Wales)

FRIDAY



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Bishop Wordsworth's Church of England 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 Mrs A Brown (Co-opted ex Staff Governor to 5 Jul 13) Major H Davidson *(Co-opted ex LA Governor to 5 Apr 13) Mr R Dormer (Parent Governor from 24 Jun 13) Dr S Ghauri (Co-opted Governor) Mrs K Goodwin (Staff Governor to 21 Jul 13) Mr J Hastings (Parent Governor from 1 Jun 13) Miss M J Horsburgh Dr K J Monserrat* Mr T Papé OBE, DL* Mrs S Price (Staff Governor from 22 Jul13) Mrs E Oakley* (Staff Governor) Canon E Probert Mr A Taylor* Mr A P Weale * (Representing the Bishop) Mr A Rutter (Parent governor to 22 Jun 13) Mr J P B Ward (from 23Oct 12) Mrs C Whittaker (Parent governor to 1 Jun 13 then Foundation Governor) Dr S D Smallwood PhD * (Headmaster and Accounting Officer)
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 to 3 May 13) Mrs Claire Makin BA (Assistant Head) Lieutenant Colonel J Moore (Bursar from 8 Aug 13) Mr J Rogers BSc (Assistant Head)

* Member of Finance & Audit Committee

Bishop Wordsworth's Church of England Grammar School for Boys

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 third 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 2013

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 an individual appointed by him
- 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 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 and may hold other general meetings if necessary Governors may also call general meetings All governors are invited to attend all general meetings and the AGM is normally held after a Governing Body Meeting 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
- (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

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 **Heads of Department Committee.** Governors are represented on the Heads of Department Committee for items concerning 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 Governing Body has appointed an accountant as the Responsible Officer (to be renamed 'Internal Auditor') 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 and governors consider that this is an appropriate check

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 or will be emailed on request. 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 required to be 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 Governing Body, 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, day to day running the School
- (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
- (7) Bursar
- (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 appraisals for both teaching and support staff 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 Heads of Departments Committee also considers the review of and plans for changes to the school curriculum, with recommendations submitted to the Headmaster

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

(d) The Director of Sport has overall responsibility for the leadership, management and organisation of both curricular and extra-curricular sport

(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 Lower and Middle School (each with an assistant) both 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 are assigned an academic mentor, the Mentor Team meets regularly with the Head of Sixth Form. Supplementary pastoral support is provided by the Senior Tutor and the Learning Support

Co-ordinator ensures that any particular learning needs are considered and appropriate interventions made

d **Other Responsibilities.** Certain additional cross-curricular themes and whole school responsibilities fall to various members of both teaching and support staff as follows Timetabling, Collective Worship, Appraisal for teaching and support staff, 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 (Bursar and finance team), admin officers and assistants, 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, invigilators 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 if any new or increased risks are 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 28

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 each school 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 third 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 reducing Government funding. The strategy for achieving this included the continuance of the Finance Working Group to consider finance in the medium term including the generation of additional income, the appointment of a Bursar, with a wider strategic remit, to replace the Business Manager and also the management of all risks including those associated with finance and funding. Additionally, the relationship with a similar school was continued in order that the Heads may 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 Governing body has 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.** The Year Group was 121. 69% of the grades were at either A* or A and 31 boys passed all of their papers at A*/A. 97.5% gained at least 5 good GCSEs including Maths and English, 78% gained at least 5 A*/A grades and 91% passed their English Baccalaureate.

b **'A' Level.** The year group was 146. 74% of the grades were 'B' or better and 14% of all papers were graded at 'A*'. 34 boys in the year group gained at least 3 'A' levels at 'A*/A' including two boys who gained 3 'A*' grades.

c **University Entry.** 87 out of 107 (87%) of boys secured their first choice of university and the university entry breakdown is as follows:

Oxbridge	8
Other Russell Group	60
1994 Group	7
Other Universities	32

d **Gap Year.** As usual, a number of boys chose to take a gap year in 2013-2014 and many will apply for university entry for September 2014.

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 and 88, 15 and 22 respectively were working towards the awards. In the year to 31 August 2013, 17, 10 and 8

respectively attained awards. During the year, cooking and fencing courses were started.

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 **Upholstery & Watercolour Classes.** Provision of classroom space for external or internal instructors

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 (before pension scheme actuarial gains/losses) was a £59.6K surplus/deficit and the budget was for a £25,000 deficit. Therefore, on a circa £5M turnover, the variance was 0.6% and the performance requirement was 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 2013/14 £10.2K surplus, 2014/15 £195.5K deficit and 2015/16 £260.2 deficit. At respectively 0.2% (surplus), 3.9% (deficit) and 5.2% (deficit) of turnover this indicator was not met except for 2013/14 and, over the three years, not met by an unsustainable amount.
 - (2) **Action.** Governors agreed an action plan early in the period and consequently have reduced staff costs by voluntary retirement and redundancies. They are also putting in place revenue raising initiatives utilising the School's infrastructure and are seeking increase in Gift Aid giving from parents. Additionally, they have appointed a Bursar with accountancy qualifications and a strategic planning background. Nevertheless governors consider that further staff reductions will be required unless Government funding is increased and therefore the work of budget balancing by the Finance Committee will continue.

FINANCIAL REVIEW

21 The Statement of Accounts and Auditors' Report commences at Page 22 It complies with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005)

22 **Income.** The Accounts show that the main incoming resources were from educational funding totalling (previous year in brackets) £4,568,179 (£4,702,741) Income from activities for generating funds was £572,882 (£532,141), including Catering Income of £207,628 (£189,553) and exam fees of £21,261 (£17,528) Income from donations and private sources was £105,391 (£95,000) The income in the current year is £83.6K less than that for the previous year, mainly because of the reduction in Government funding

23 **Expenditure.** The main expenditure was on staff costs totalling £4,010,444 (£4,000,780) which includes £504,219 (£485,935) on Support Staff costs and £105,347 (£104,928) on Catering Staff costs Other significant expenditure was £123,265 (£113,270) on Catering, excluding staff costs, £177,356 (£153,954) on educational supplies, £119,801 (£113,946) on maintenance of premises and equipment, £111,516 (£101,732) on examination fees, £87,436 (£94,136) on cleaning and £86,411 (£77,350) on lighting & heating

24 **Excess of Income.** The income exceeded the resources expended on expenditure and management in the Period by £59,637 (£210,334) but this figure excludes the support staff defined benefit pensions' deficit inherited from Wiltshire Council The deficit was assessed by the 31 August 2013 actuarial valuation (for FRS17 purposes) and the actuarial gain was £34,000 (£130,000 deficit)

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 £359,250 (£363,646) 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 actuarial pension liability of £420,000 deficit (£424,000 deficit) constitutes the value of the fund at £118,207 (£24,570)

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 28 below, the only material risk is the deficit on the staff defined pension scheme An FRS 17 actuarial review valuation was carried out by Wiltshire County Council as at 31 August 2013 (as noted at Paragraph 24)

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.** The Company runs into deficit (excluding pension' liability). This risk has increased because of the continued reduction in government funding per pupil especially in the Sixth Form. Mitigation: the work initiated by the Finance Working Group will be continued by the Finance & Audit Committee, production of a medium term financial forecast to 3 years ahead, and a longer term forecast to 5 years ahead, development of sources of additional income and savings in costs where possible. Cost saving being considered include the removal of some non-core subjects, increased set sizes and concomitant staff reductions.
- b **Pensions Liability.** Pensions' liability becomes unsustainable. Mitigation: review annually and increase contribution rate if appropriate but the Government has stated that the deficit would be met if the School closed.
- 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 an internal audit service to conduct a running monthly review of systems and account entries. Additionally, the same firm was retained to advise on financial procedures while the financial staff were working up the new accounting system and practices and while the Bursar's post was unfilled.
- 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 maintained when possible by the introduction of additional funding streams.

Additionally, the private funds listed at Paragraph 32 provide an extra level of reserves although some of them are covenanted for specific purposes

30 Investment Policy. The investment policy is that all surplus funds are held as cash in bank although the possibility of interest bearing accounts is being explored

PLANS FOR FUTURE PERIODS

31 The main aims for the next three years are as follows

- a To balance income and expenditure by decreasing expenditure and taking appropriate steps developing initiatives to generate additional income
- b To consider the benefits and challenges in increasing the number of pupils incrementally by 30 for each year group in the Lower and Middle School from September 2015 and to implement such a change if considered feasible and of benefit to the School and the local population Therefore, 5 years after introduction the school could have an extra 150 pupils
- c 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
- d Further development of primary and secondary collaboration, including Continuous Professional Development (CPD)
- e Further development of links with Higher Education, local community and business, and a broad range of other activities to utilise better the school's facilities during out-of-hours periods
- f 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
- g To complete refurbishment of the older parts of the School site
- h 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
- i To move from 1 September 2013 to performance related pay for teaching staff in accordance with Government policy

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 Pennels 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 2014

APPROVAL

35 Approved by order of the Governing Body on 3 December 2013 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)	3	5
Prof A J Bell	2	4
Mrs A Brown	4	5
Major H Davidson	1	2
Mr R Dormer	1	1
Mrs K Goodwin	4	5
Dr S Ghauri	5	5
Mr J Hastings	1	1
Miss M J Horsburgh	5	5
Dr K J Monserrat	4	5
Mrs E Oakley	4	5
Mr T Papé	4	5
Mrs S Price	0	0
Canon E Probert	4	5
Mr A Rutter	1	4
Dr S D Smallwood	5	5
Mr A Taylor	5	5
Mr J P B Ward	4	4
Mr A P Weale	5	5
Mrs C Whittaker	4	5

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 with reduced funding for the 2013/14 year and to consider

recommendations by the Responsible Officer (renamed for 2013-14 Internal Auditor) 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	3	3
Major H Davidson	1	1
Dr K Monserrat	2	3
Mrs E Oakley	2	3
Mr A Taylor	1	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 2013 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 2013 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
- 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 agreed with the EFA recommendation for a specific internal audit function and contracted Moore Stephens (South) LLP to provide a suitably qualified employee as internal auditor (IA). The IA'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 IA 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 IA 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 Internal Auditor
- 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

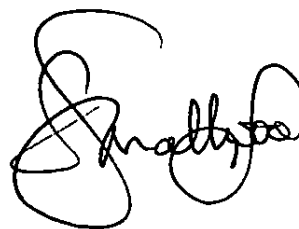
44 Post System Review Action. The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

APPROVAL

Approved by order of the Governing Body on 3 December 2013 and signed on its behalf by



Mrs J Ranaboldo
Chair of Governing Body and Academy Trust



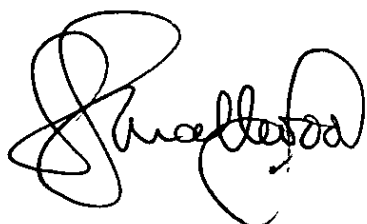
Dr S D Smallwood
Accounting Officer

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

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 3 December 2013 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 ACADEMY

We have audited the accounts of Bishop Wordsworth's Academy for the year ended 31 August 2013 set out on pages 27 to 50. 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) and the Academies Accounts Direction 2013 issued by the EFA.

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

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees, who are also the directors of Bishop Wordsworth's Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the Audit of the Accounts

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

Opinion on Accounts

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006, and
 - have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.
-

Bishop Wordsworth's Church of England Grammar School for Boys

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BISHOP WORDSWORTH'S ACADEMY

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts

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 accounts are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Andrew Williams
(Senior Statutory Auditor)
Moore Stephens (South) LLP
Chartered Accountants
Statutory Auditor
33 The Clarendon Centre
Dairy Meadow Lane
Salisbury Business Park
Salisbury
Wiltshire
SP1 2TJ

Dated 3 December 2013

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO
BISHOP WORDSWORTH'S ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bishop Wordsworth's Academy during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Bishop Wordsworth's Academy 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 Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bishop Wordsworth's Academy and the EFA, for our work, for this report, or for the conclusion we have formed

Respective Responsibilities of Bishop Wordsworth's Academy's Accounting Officer and the Reporting Auditor

The accounting officer is responsible, under the requirements of Bishop Wordsworth's Academy's funding agreement with the Secretary of State for Education dated in 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

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

Approach

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

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

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

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO
BISHOP WORDSWORTH'S ACADEMY AND THE EDUCATION FUNDING AGENCY**

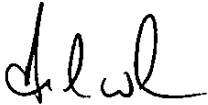
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure

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 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Andrew Williams
(Senior Statutory Auditor)
Moore Stephens (South) LLP
Chartered Accountants
Statutory Auditor
33 The Clarendon Centre
Dairy Meadow Lane
Salisbury Business Park
Salisbury
Wiltshire
SP1 2TJ

Dated 3 December 2013

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO
BISHOP WORDSWORTH'S ACADEMY AND THE EDUCATION FUNDING AGENCY**

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

FOR THE PERIOD

1 SEPTEMBER 2012 TO 31 AUGUST 2013

Bishop Wordsworth's Church of England Grammar School for Boys

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	Unrestricted Funds £	Restricted Funds £	Fixed Asset Fund £	Total 2013 £	Total 2012 £
Incoming Resources						
<i>Resources from generated funds</i>						
- Voluntary Income	3	105,391	-	-	105,391	95,000
- Activities for generating funds	4	123,147	449,735	-	572,882	532,141
- Investment Income	5	455	-	-	455	611
<i>Resources from charitable activities</i>						
- Funding for educational operations	6	-	4,532,886	35,293	4,568,179	4,702,741
Total Incoming Resources		<u>228,993</u>	<u>4,982,621</u>	<u>35,293</u>	<u>5,246,907</u>	<u>5,330,493</u>
Resources Expended						
<i>Costs of generating funds</i>						
<i>Charitable activities</i>						
Educational operations	8	81,169	5,071,277	12,768	5,165,214	5,094,225
Governance costs	9	-	22,056	-	22,056	25,934
Total Resources Expended	7	<u>81,169</u>	<u>5,093,333</u>	<u>12,768</u>	<u>5,187,270</u>	<u>5,120,159</u>
Net Incoming/(Outgoing) Resources before Transfers		147,824	(110,712)	22,525	59,637	210,334
Gross transfers between funds		(51,639)	78,560	(26,921)	-	-
Net Income/(Expenditure) for the year		<u>96,185</u>	<u>(32,152)</u>	<u>(4,396)</u>	<u>59,637</u>	<u>210,334</u>
Other Recognised Gains and Losses						
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	18	-	34,000	-	34,000	(130,000)
Net Movement in Funds		96,185	1,848	(4,396)	93,637	80,334
Fund balances at 1 September 2012		<u>82,772</u>	<u>(421,848)</u>	<u>363,646</u>	<u>24,570</u>	<u>(55,764)</u>
Fund Balances at 31 August 2013		<u>178,957</u>	<u>(420,000)</u>	<u>359,250</u>	<u>118,207</u>	<u>24,570</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

Bishop Wordsworth's Church of England Grammar School for Boys

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £	£	2012 £	£
Fixed Assets					
Tangible assets	12		359,250		363,646
Current Assets					
Debtors	13	81,717		92,903	
Cash at bank and in hand		262,396		67,586	
		344,113		160,489	
Creditors amounts falling due within one year	14	(165,156)		(75,565)	
Net Current Assets			178,957		84,924
Total Assets less Current Liabilities			538,207		448,570
Defined benefit pension liability	18		(420,000)		(424,000)
Net Assets			118,207		24,570
Funds of the Academy Trust					
Restricted Income Funds	16				
- Fixed asset funds			359,250		363,646
- General funds			-		2,152
- Pension reserve			(420,000)		(424,000)
Total Restricted Funds			(60,750)		(58,202)
Unrestricted Funds	16		178,957		82,772
Total Funds			118,207		24,570

The Accounts were approved by order of the Board of Trustees and authorised for issue on 3 December 2013

And are signed on their behalf by



Mrs J Ranaboldo
Chair of the Governing Body and Academy

Company Number 7525856

Bishop Wordsworth's Church of England Grammar School for Boys

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	19	132,127	(397,826)
Returns on Investments and Servicing of Finance			
Investment Income	455	611	
Net cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance		455	611
		132,582	(397,215)
Capital Expenditure and Financial Investments			
Capital Grants received	35,293	317,918	
Payments to acquire tangible fixed assets	(8,372)	(305,407)	
Net Cash Flow from Capital Activities		26,921	12,511
Net Cash Inflow/(Outflow) before Financing		159,503	(384,704)
Financing			
Repayment of other loan	35,307	-	
Net Cash Inflow/(Outflow) from Funding		35,307	-
Increase/(Decrease) in Cash	20	194,810	(384,704)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting Policies

1.1 Basis of Preparation

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

1.2 Going Concern

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

1.3 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.

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

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 and the value of the donation is measurable.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting Policies

1.4 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 audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible Fixed Assets and Depreciation

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

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

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

Freehold land is not depreciated	
Long leasehold buildings	2% Straight Line
ICT equipment	20% Straight Line
Fixtures, fittings & equipment	15% Straight Line
Motor vehicles	25% Straight Line

1.6 Leasing and Hire Purchase Commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting Policies

1.7 Taxation

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

1.8 Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 18, 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 are 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.

1.9 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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders 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/Department for Education.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2013.

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Other donations	105,391	-	105,391	95,000

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Hire of facilities	36,767	-	36,767	39,093
Catering income	-	207,628	207,628	189,553
Music tuition	31,564	-	31,564	31,066
Joint course income with SWGG	-	38,098	38,098	36,023
Examination fees income	-	21,261	21,261	17,528
Visits and trip income	52,257	-	52,257	74,691
Departmental income	-	182,748	182,748	136,992
Other income	2,559	-	2,559	7,195
	123,147	449,735	572,882	532,141

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Other Investment Income	455	-	455	611

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

6 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
DfE / EFA Revenue Grants				
General annual grant (GAG)	-	4,433,926	4,433,926	4,329,759
Capital grants	-	35,293	35,293	317,918
Other DfE / EFA grants	-	80,731	80,731	40,817
	<u>-</u>	<u>4,549,950</u>	<u>4,549,950</u>	<u>4,688,494</u>
Other Government Grants				
Other grants	-	18,229	18,229	14,247
	<u>-</u>	<u>18,229</u>	<u>18,229</u>	<u>14,247</u>
Total funding	<u>-</u>	<u>4,568,179</u>	<u>4,568,179</u>	<u>4,702,741</u>

7 Resources Expended

	Staff costs	Premises & equipment	Other costs	Total 2013	Total 2012
	£	£	£	£	£
Academy's Educational Operations					
Direct costs	3,400,878	-	503,336	3,904,214	3,891,328
Allocated support costs	609,566	132,569	518,865	1,261,000	1,202,897
	<u>4,010,444</u>	<u>132,569</u>	<u>1,022,201</u>	<u>5,165,214</u>	<u>5,094,225</u>
Other Expenditure					
Governance costs	-	-	22,056	22,056	25,934
	<u>-</u>	<u>-</u>	<u>22,056</u>	<u>22,056</u>	<u>25,934</u>
Total Expenditure	<u>4,010,444</u>	<u>132,569</u>	<u>1,044,257</u>	<u>5,187,270</u>	<u>5,120,159</u>

Incoming/Outgoing Resources for the Year Include

	2013	2012
	£	£
Fees payable to auditor		
- Audit	4,650	4,895
- Other services	5,858	7,374
	<u>10,508</u>	<u>12,269</u>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

8 Charitable Activities - the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
Direct Costs				
Teaching & educational support staff costs	-	3,400,878	3,400,878	3,409,917
Technology costs	-	45,653	45,653	51,379
Educational supplies and services	-	177,356	177,356	153,954
Examination fees	-	111,516	111,516	101,732
Staff development	-	21,972	21,972	19,317
Music fees	31,869	-	31,869	38,916
Other direct costs	49,300	65,670	114,970	116,113
	<u>81,169</u>	<u>3,823,045</u>	<u>3,904,214</u>	<u>3,891,328</u>
Allocated Support Costs				
Support staff costs	-	504,219	504,219	485,935
Catering staff costs	-	105,347	105,347	104,928
Depreciation	-	12,768	12,768	12,907
Recruitment and support	-	20,641	20,641	9,277
Maintenance of premises and equipment	-	119,801	119,801	113,946
Cleaning	-	87,436	87,436	94,136
Energy costs	-	86,411	86,411	77,350
Rent and rates	-	47,021	47,021	46,370
Insurance	-	40,729	40,729	39,986
Security and transport	-	38,380	38,380	45,269
Catering (excluding staff costs)	-	123,365	123,365	113,270
Interest and finance costs	-	11,000	11,000	11,000
Other support costs	-	58,832	58,832	44,607
	<u>-</u>	<u>1,261,000</u>	<u>1,261,000</u>	<u>1,202,897</u>
Total Costs	<u>81,169</u>	<u>5,084,045</u>	<u>5,165,214</u>	<u>5,094,225</u>

Pension costs have been reclassified in 2013 (& 2012) and transferred from Governance costs. Hence some 2012 figures brought forward are different from those shown in the last accounts.

9 Governance Costs

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
Legal and professional fees	-	1,180	1,180	186
Payroll support	-	10,368	10,368	13,479
- Audit of financial statements	-	4,650	4,650	4,895
- Auditor other service costs	-	3,258	3,258	3,624
- Responsible Officer internal audit	-	2,600	2,600	3,750
	<u>-</u>	<u>22,056</u>	<u>22,056</u>	<u>25,934</u>

Pension costs have been reclassified in 2013 (& 2012) and transferred from Governance costs. Hence some 2012 figures brought forward are different from those shown in the last accounts.

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

10 Staff Costs

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

	2013	2012
	Number	Number
Teachers	57	56
Administration and support	29	30
Management	<u>7</u>	<u>8</u>
	<u>93</u>	<u>94</u>

Costs Included within the Accounts.

	2013	2012
	£	£
Wages and salaries	3,256,262	3,265,591
Social security costs	241,532	246,259
Other pension costs	<u>482,201</u>	<u>484,863</u>
	3,979,995	3,996,713
Supply teacher costs	<u>30,449</u>	<u>4,067</u>
Total staff costs	<u>4,010,444</u>	<u>4,000,780</u>

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

	2013	2012
	Number	Number
£80,001 - £90,000	1	1

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows

	2013	2012
	Numbers	Numbers
Teachers' Pension Scheme	1	1
	£ 7007	£ 11,595

11 Trustees' Remuneration and Expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. During the year no travel and subsistence payments were reimbursed to trustees (2012 nil)

The value of trustees' remuneration was as follows

Dr S D Smallwood PhD (Principal)	£80,001 - £90,000 (2012 £80,001-£90,000)
Mrs A Brown (Staff Governor)	£0 - £10,000 (2012 £0- £10,000)
Mrs K Godwin (Staff Governor)	£20,001 - £30,000 (2012 £20,001 - £30,000)
Mrs E Oakley (Staff Governor)	£0 - £10,000 (2012 £0- £10,000)

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

Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the total cost for the year ended 31 August 2013 was £40,046 (2012 £35,068)

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

12 Tangible Fixed Assets

	Land and buildings £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2012	353,068	12,292	14,110	379,470
Additions	-	8,372	-	8,372
At 31 August 2013	<u>353,068</u>	<u>20,664</u>	<u>14,110</u>	<u>387,842</u>
Depreciation				
At 1 September 2012	7,063	3,721	5,040	15,824
Charge for the year	<u>6,007</u>	<u>4,493</u>	<u>2,268</u>	<u>12,768</u>
At 31 August 2013	<u>13,070</u>	<u>8,214</u>	<u>7,308</u>	<u>28,592</u>
Net Book Value				
At 31 August 2013	<u>339,998</u>	<u>12,450</u>	<u>6,802</u>	<u>359,250</u>
At 31 August 2012	<u>346,005</u>	<u>8,571</u>	<u>9,070</u>	<u>363,646</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

13 Debtors	2013 £	2012 £
Trade debtors	16,839	10,101
VAT recoverable	37	216
Other debtors	21,432	44,288
Prepayments and accrued income	<u>43,409</u>	<u>38,298</u>
	<u>81,717</u>	<u>92,903</u>

14 Creditors' Amounts Falling Due Within One Year	2013 £	2012 £
Other loans	35,307	-
Trade creditors	58,712	197
Other creditors	17,751	65,250
Deferred income	<u>53,386</u>	<u>10,118</u>
	<u>165,156</u>	<u>75,565</u>

15 Deferred Income	2013 £	2012 £
Deferred income is included within		
Creditors due within one year	<u>53,386</u>	<u>10,118</u>
Total deferred income at 1 September 2012	10,118	305,390
Amounts credited to the statement of financial activities	(10,118)	(305,390)
Amounts deferred in the year	<u>53,386</u>	<u>10,118</u>
Total Deferred Income at 31 August 2013	<u>53,386</u>	<u>10,118</u>

Deferred income relates to various trips and visits income received in the year to 31 August 2013 but relating to the year ending 31 August 2014

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

6 Funds	Balance at 1 September 2012	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2013
	£	£	£	£	£
Restricted General Funds					
General Annual Grant	2,152	4,433,926	(4,841,008)	404,930	-
Other DfE / EFA grants	-	80,731	(80,731)	-	-
Other government grants	-	18,229	(18,229)	-	-
Other restricted funds	-	449,735	-	(449,735)	-
	<u>2,152</u>	<u>4,982,621</u>	<u>(4,939,968)</u>	<u>(44,805)</u>	<u>-</u>
Funds excluding pensions	2,152	4,982,621	(4,939,968)	(44,805)	-
Pension reserve	(424,000)	-	(30,000)	34,000	(420,000)
	<u>(421,848)</u>	<u>4,982,621</u>	<u>(4,969,968)</u>	<u>(10,805)</u>	<u>(420,000)</u>
Restricted Fixed Asset					
DfE / EFA capital grants	363,646	35,293	(12,768)	-	386,171
Capital expenditure from GAG or other funds	-	-	-	(26,921)	(26,921)
	<u>363,646</u>	<u>35,293</u>	<u>(12,768)</u>	<u>(26,921)</u>	<u>359,250</u>
Total Restricted Funds	<u>(58,202)</u>	<u>5,017,914</u>	<u>(4,982,736)</u>	<u>(37,726)</u>	<u>(60,750)</u>
Unrestricted Funds					
General funds	82,772	228,993	(204,534)	71,726	178,957
	<u>82,772</u>	<u>228,993</u>	<u>(204,534)</u>	<u>71,726</u>	<u>178,957</u>
Total Funds	<u>24,570</u>	<u>5,246,907</u>	<u>(5,187,270)</u>	<u>34,000</u>	<u>118,207</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

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

17 Analysis of Net Assets Between Funds

	Unrestricted Funds	Restricted Funds	Fixed Asset Funds	Total Funds
	£	£	£	£
Fund Balances at 31 August 2013 are Represented by				
Tangible fixed assets	-	-	359,250	359,250
Current assets	344,113	-	-	344,113
Creditors amounts falling due within one year	(165,156)	-	-	(165,156)
Defined benefit pension liability	-	(420,000)	-	(420,000)
	<u>178,957</u>	<u>(420,000)</u>	<u>359,250</u>	<u>118,207</u>

18 Pensions and Similar Obligations

The Academy Trust's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 related to the period ended 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

Introduction

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

The Teachers' Pension Scheme Budgeting and Valuation Account

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Pensions and Similar Obligations

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

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

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

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

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

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Pensions and Similar Obligations

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.6 per cent for employers and 5.5-7.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £104,000.

	2013	2012
	£	£
Employer's contributions	108,000	105,000
Employees' contributions	35,000	35,000
	<hr/>	<hr/>
Total contributions	143,000	140,000
	<hr/>	<hr/>

Principal Actuarial Assumptions

	2013	2012
	%	%
Rate of increase in salaries	5.10	4.50
Rate of increase for pensions in payment	2.80	2.20
Discount rate for scheme liabilities	4.60	4.10
Inflation assumption (CPI)	2.20	2.20
Commutation of pensions to lump sums	50.00	50.00
	<hr/>	<hr/>

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

	2013	2012
	Years	Years
Retiring today		
- Males	21	21
- Females	24	24
Retiring in 20 years		
- Males	26	26
- Females	26	26
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Pensions and Similar Obligations

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

	2013 Expected return	2013 Fair value	2012 Expected return	2012 Fair value
	%	£	%	£
Equities	6.60	770,000	6.80	546,000
Bonds	4.10	160,000	3.80	155,000
Cash	3.60	32,000	2.80	24,000
Property	4.70	107,000	4.80	90,000
Total market value of assets		1,069,000		815,000
Present value of scheme liabilities - funded		(1,489,000)		(1,239,000)
Net pension asset / (liability)		<u>(420,000)</u>		<u>(424,000)</u>

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 2012 for the year to 31 August 2013). 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 the gilt yields.

The actual return on the scheme assets was £110,000 loss (2012: £64,000 loss)

Operating Costs and Income Recognised in the Statement of Financial Activities

	2013 £	2012 £
Financial Expenditure/(Income)		
Expected return on pension scheme assets	(43,000)	(42,000)
Interest on pension liabilities	54,000	53,000
	<u>11,000</u>	<u>11,000</u>
Other Expenditure/(Income)		
Current service cost	19,000	(1,000)
Past service cost	-	-
	<u>19,000</u>	<u>(1,000)</u>
Total Operating Charge/(Income)	<u>30,000</u>	<u>10,000</u>

Actuarial Gains and Losses Recognised in the Statement of Financial Activities

	2013 £	2012 £
Actuarial (gains)/losses on assets: actual return less expected	(68,000)	(6,000)
Experience (gains)/losses on liabilities	34,000	(52,000)
(Gains)/losses arising from changes in assumptions	-	188,000
Total (gains)/losses	<u>(34,000)</u>	<u>130,000</u>
Cumulative (gains)/losses to date	<u>(34,000)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Pensions and Similar Obligations

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

	2013	2012
	£	£
Opening defined benefit obligations	(1,239,000)	(911,000)
Current service cost	(127,000)	(104,000)
Interest cost	(54,000)	(53,000)
Contributions by employees	(35,000)	(35,000)
Actuarial gains/(losses)	<u>(34,000)</u>	<u>(136,000)</u>
	<u>(1,489,000)</u>	<u>(1,239,000)</u>

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

	2013	2012
	£	£
Opening fair value of scheme assets	815,000	627,000
Expected return on assets	43,000	42,000
Actuarial gains/(losses)	68,000	6,000
Contributions by employers	108,000	105,000
Contributions by employees	<u>35,000</u>	<u>35,000</u>
	<u>1,069,000</u>	<u>815,000</u>

History of Experience Gains and Losses

	2013	2012
	£	£
Present value of defined benefit obligations	(1,489,000)	(1,239,000)
Fair value of share of scheme assets	<u>1,069,000</u>	<u>815,000</u>
	<u>(420,000)</u>	<u>(424,000)</u>
Surplus / (deficit)		
Experience adjustment on scheme liabilities	-	52,000
Experience adjustment on scheme assets	<u>68,000</u>	<u>6,000</u>

19 Reconciliation of Net Income to Net Cash Inflow/(Outflow) from Operating Activities

	2013	2012
	£	£
Net income	59,637	210,334
Capital grants and similar income	(35,293)	(317,918)
Investment income	(455)	(611)
FRS17 pension costs less contributions payable	19,000	(1,000)
FRS17 pension finance income	11,000	11,000
Depreciation of tangible fixed assets	12,768	12,907
(Increase)/decrease in debtors	11,186	66,108
Increase/(decrease) in creditors	<u>54,284</u>	<u>(378,646)</u>
Net cash inflow/(outflow) from operating activities	<u>132,127</u>	<u>(397,826)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

20	Reconciliation of Net Cash Flow to Movement in Net Funds	2013 £	2012 £
	Increase/(Decrease) in Cash	194,810	(384,704)
	Repayment of other loan	(35,307)	-
	Net funds at 1 September 2012	67,586	452,290
	Net Funds at 31 August 2013	227,089	67,586

21	Analysis of Net Funds	At 1 September 2012 £	Cash flows £	Non-cash changes £	At 31 August 2013 £
	Cash at bank and in hand	67,586	194,810	-	262,396
	Debt due within one year	-	(35,307)	-	(35,307)
	Net balances	67,586	159,503	-	227,089

22 Commitments under Operating Leases

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

	Land and		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date				
- Between two and five years	-	-	7,013	6,822
- In over five years	21,500	21,700	-	-
	21,500	21,700	-	6,822

23 Related Parties

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

No related party transactions took place in the period of account.

24 Members' Liability

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