

Company Registration Number: 08314056 (England and Wales)

**BOSTON GRAMMAR SCHOOL**

(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

Mr C Campion  
Mr D P Bosworth  
Mr D Scoot  
Mr J Tryner  
Mr P Sharman

**Trustees**

Mr D P Bosworth, Chair  
Mr M Bartholomew, Trustee (appointed 17 July 2018)  
Dr K Jacobs, Trustee (resigned 17 July 2018)  
Mrs S Dickens, Vice Chair  
Mr W Moody, Trustee (resigned 24 April 2018)  
Mrs A Karimazondo, Trustee (appointed 17 July 2018)  
Mrs D Sherwin, Trustee (resigned 4 January 2018)  
Reverend Steve Holt, Trustee (resigned 14 October 2018)  
Mr J Caborn, Trustee (appointed 17 July 2018)  
Mrs D Robinson, Trustee  
Mr N Duffield, Trustee (appointed 17 July 2018, resigned 25 September 2018)  
Mrs H Adams, Trustee  
Mr D Hudson, Trustee (resigned 19 September 2017)  
Mr J P McHenry, ex officio  
Miss C Abrams, Governor  
Mrs C Ellis, Governor

**Company registered number**

08314056

**Company name**

Boston Grammar School

**Principal and registered office**

Boston Grammar School, South End, Boston, Lincolnshire, PE21 6JY

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Advisers (continued)**

**Company secretary**

Mrs D Davidson

**Chief executive officer**

Mr J P McHenry

**Senior management team**

Mr J P McHenry, Principal  
Mr P File, Deputy Head  
Ms A Cook, Assistant Head  
Mr J A Lyon, Head of Sixth Form

**Independent auditors**

Duncan and Toplis Limited, 4 Henley Way, Doddington Road, Lincoln, Lincolnshire, LN6 3QR

**Bankers**

Lloyds plc, 51 Market Place, Boston, PE21 6NQ

**Solicitors**

Stone King, 16 St John's Lane, London, EC1M 4BS

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Boston. It has a pupil capacity of 700 and had a roll of 674 in the school census on 18th May 2018

**Structure, governance and management**

**CONSTITUTION**

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Boston Grammar School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Boston Grammar School.

Details of the Trustees who served throughout the year except as noted are included in the Reference and administrative details on page 1.

**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.

**TRUSTEES' INDEMNITIES**

A full trustees' indemnity insurance is taken out with Zurich Municipal, covering Trustees' Liability to a maximum value of £5,000,000.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

Trustees are appointed under the rules contained within the memorandum and articles of association. The membership of the main board of trustees is in accordance with the structure contained therein. Trustees undertake a skills audit to determine a breadth of skills beneficial to the body as a whole.

Election processes vary by trustee category:

- Up to six trustees may be appointed by the members.
- Up to two foundation trustees may be appointed by the Boston Grammar School charitable foundation.
- Up to three staff trustees shall be elected by staff members at the academy. A staff trustee must be a staff member at the time when he / she is elected.
- A minimum of two and a maximum of six parent trustees shall be elected by parents of registered pupils at the academy. A parent trustee must be a parent of a pupil at the academy at the time when he is elected.
- The trustees may appoint up to three co-opted trustees. A co-opted trustee means a person who is appointed to be a trustee by being co-opted by serving trustees who were not themselves so appointed.
- The principal is an ex officio trustee.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

When new trustees join the academy, they are given access to external trustee training by the Clerk to trustees. Within the academy, serving trustees can access policies and procedures through remote access to the trustee drive of the academy servers. All trustees are provided with documents that they will need to discharge their decision-making functions as trustees. Where trustees have a particular professional skill, the academy seeks to utilise and support that skill within a relevant committee.

## **ORGANISATIONAL STRUCTURE**

The structure of the academy consists of two senior levels: the Board of Directors (Board of Trustees) and the Senior Leadership Team (which includes the Principal, Deputy Head and Assistant Heads).

The Board of Directors is responsible for setting the academy's policies, adopting an annual improvement plan and budget, monitoring performance against these plans and making major decisions about the direction of the academy, capital expenditure, and senior staff appointments.

The Board organises itself into the following committees:

- Full Board of Trustees;
- Finance & General Purposes Committee;
- Achievement & Standards Committee;

Groups of trustees may be formally organised outside of the above structure to support the academy as required, to consider:

- Principal and SLT recruitment;
- Personnel and Salaries;
- Pupil Discipline;
- Staff Discipline;
- Complaints;

## **ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Our Pay and Staffing Policy outlines details for setting the pay and remuneration of the academy's key management personnel using our Performance Management scheme (Appraisal system). We follow the School Teachers' Pay and Conditions and salaries are reviewed each year. Trustees/directors do not receive pay but are entitled to claim expenses.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**TRADE UNION FACILITY TIME**

**Relevant union officials**

Number of employees who were relevant union officials during the year	NIL
Full-time equivalent employee number	NIL

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	NIL
1%-50%	NIL
51%-99%	NIL
100%	NIL

**Percentage of pay bill spent on facility time**

	£
Total cost of facility time	615
Total pay bill	2,487,052
Percentage of total pay bill spent on facility time	NIL %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	NIL %
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**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

Boston Grammar School is connected to the following charities:

- Boston Grammar School Charitable Foundation (Charity number 527292);
- Boston Grammar School Appeal Trust (Charity number 519658);
- Boston Schools Umbrella Trust;

The trustees, through the clerk to trustees, maintain a register of business interests which discloses and explains the nature and amount of any contracts entered into with related parties.

**Objectives and Activities**

**OBJECTS AND AIMS**

The object of Boston Grammar School is set out in the Company's Articles of Association:

4 a)...to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Boston Grammar School offers a free grammar school education (11-18) to those for whom it is deemed to be appropriate by means of selection testing, providing students with the means to succeed academically and develop personally and socially.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives on the Development Plan for 2017-18 were as follows:

### **1. Standards**

- to ensure the maintenance of high standards significantly above national average benchmarking at KS4;
- to improve the percentage of A\*/A outcomes at GCSE; to achieve a positive overall Progress 8 score
- to continue to improve the average points score per entry at KS5; to drive up the average total points score per candidate at KS5.

### **2. Learning and Progress**

- To stretch and challenge all students, including those in the Sixth Form, so that they make the most of their potential.
- to ensure that all students make demonstrable progress in their learning, showing positive value-added, at all key stages; to raise the quality of teaching so that at least 90% of observed lessons are judged 'Good' or better; to ensure that assessment data informs all planning and teaching.
- to strive for 100% of observed lessons to be at least good and 20% to be outstanding.

### **3. Student Wellbeing**

- to ensure that students enjoy school and value achievement; to ensure that students continue to feel safe; to ensure that good student behaviour continues to be rewarded; to ensure that students adopt healthy lifestyles.
- to ensure that students develop workplace skills and financial capability; to ensure that all students in transition phases receive quality support and guidance; to enhance the moral, spiritual and cultural learning opportunities within the school.
- to further develop local, national and international partnerships and opportunities for pupils in all key stages.

### **4. Curriculum**

- to ensure that the curriculum model and programmes of study are revised, and teaching methodologies reviewed.
- to seek collaboration aimed at expanding the post-16 offer to students in Boston.
- to ensure that new GCSE and A level courses are ready for first delivery.

### **5. Staff Development**

- to ensure that all teaching staff have access to in-house coaching and continuous professional development;
- to ensure that Subject Leaders are fully equipped to drive school improvement.

### **6. Finance**

- To ensure the financial sustainability of the Academy; to seek economies of scale through local collaborations.
- To continue to improve recruitment into both Y7 and Y12.

Delivery strategies and impact monitoring are recorded on the School Development Plan 2017-18.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**PUBLIC BENEFIT**

The academy provides educational services to children in the local area. The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

**Strategic report**

**ACHIEVEMENTS AND PERFORMANCE**

A Level: Boston Grammar School's students achieved superb results. In Biology, Business, English, English Literature, Computing, Music, Physics and RS more than 50% of grades were A\* - C. In History, Maths, RS, EPQ and Further Maths over 50% of grades were A\* - B. The overall Value Added score was +0.06, a significant improvement on the previous year's performance.

There were numerous outstanding performances, including one student who achieved five A\* grades who will be attending Cambridge University to study Chemical Engineering. Almost all A-level students were accepted at their preferred university of choice.

GCSE: 98% of Y11 students gained 5A\*-C (9-4) grades. 52% achieved the EBacc. 100% of grades were good passes or better in Biology, Chemistry, Physics, Computer Studies, Art, Music, PE. In Biology 65% of grades were at the higher level, 7 to 9. In Chemistry the figure was 61% and in Physics 58% of students were graded at 7 to 9.

In March 2018 an Ofsted team visited and inspected Boston Grammar School. Ofsted rated three of the five areas as 'Good'. The categories rated 'Good' are – 'Leadership and Management'; '16-19 Study Programmes' (Sixth Form) and 'Personal Development, Behaviour and Welfare'. They particular highlighted the strong Leadership and Management stating "The headteacher is highly ambitious for the school, he has the full support of the school community and staff morale is high. The school is in a strong position to improve further. Senior leaders provide strong leadership. They have high expectations of all staff, and a sharp focus on improving outcomes." For the time being, BGS remains graded as 'Requiring Improvement' overall with inspectors saying that the school is definitely heading in the right direction. Our expectations are high and the school's emphasis on a culture of excellence is at the very heart of everything we strive to achieve. Our students are Boston Grammar School's best ambassadors and it is fitting that the report states, "Pupils are polite and courteous and conduct themselves well at all times". The report further states, "The overwhelming majority of pupils take their learning very seriously" and they "take pride in their appearance".

**KEY PERFORMANCE INDICATORS**

The board of trustees seeks to deliver effective value for money in its delivery of education at Boston Grammar School. In order to do so it has, in the past, looked at the Consistent Financial Benchmarking information for schools. The trustees will now review statistics from the Department of Education's academies benchmarking site.

BGS' figures have been compared with statistical neighbours, in terms of number of pupils, school type (Academy converter), % eligible for FSM and Sixth Form.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

(£ per Pupil)	BGS 1516	Statistical Neighbours	BGS 1617	Statistical Neighbours
Teaching Staff (inc. supply)	3,250	3,197	3,141	3,214
Educational Support Staff	240	351	332	396
Total Expenditure	5,680	5,373	5,683	5,636

### **GOING CONCERN**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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 Accounting Policies.

### **Financial review**

Having entered into a Funding Agreement with the Secretary of State on conversion to academy status, most of the academy's income is derived from the Education Skills Funding Agency in the form of grants, the use of which is restricted to particular purposes in pursuance of the Academy's objects. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statements of financial activity.

A three-year medium-term forecast has been produced and is regularly reviewed.

During the year the trust received total funding of £3,673,361 compared to total resources expended of £3,704,151 to give a deficit for the year of £30,790.

The total accumulated reserves of the trust as at 31 August 2018 were £6,518,052

### **RESERVES POLICY**

The academy's reserves are its funds after excluding restricted funds, for spending at trustees' discretion once it has met its commitments and covered planned expenditure in pursuance of its objects. It is the academy's aim to keep reserves such that there is substantially more than one month's salary cost available in cash form at any given point. Cash flow forecasting and cash monitoring are undertaken for this purpose.

The trustees will review the reserve levels of the academy regularly, ensuring that there is always sufficient working capital to cover any delays between spending and receipt of grants, and to provide a cushion against unexpected emergencies such as urgent maintenance.

The trust's current level of 'free reserves' is £57,346.

The level of restricted funds at the year end, excluding the restricted fixed asset fund; endowment fund and pension reserve, amounted to £218,424.

### **FUNDS IN DEFICIT**

The academy's support staff members are entitled to membership of the Local Government Pension Scheme. The academy's share of the Scheme's assets has been assessed by the Scheme's Actuary (FRS 17 valuation) as at 31 August 2018 to be less than its liabilities in the Scheme, and consequently the academy balance sheet shows a net liability of £ 572,000.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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No such FRS 17 valuation is required for the national Teachers' Pension Scheme.

**INVESTMENTS POLICY**

Trustees retain balances in interest-yielding current accounts. In the event of a significant surplus, trustees would seek investment advice to find the most appropriate investment opportunity available at the time. However, as the vast majority of the academy's income is restricted funds, those funds are spent on the purposes for which they are intended, and there is no attempt to build up reserves without a clearly identified need.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The trustees of the academy have adopted a comprehensive Risk Register, quantifying the risk appetite for a number of risks and uncertainties, to be reviewed annually. The Risk Register identifies specific preventative actions which should mitigate any potential negative impact on the academy from identified risks. The effectiveness of the academy's internal controls in managing the risks is monitored by the Finance & General Purposes Committee.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks facing the academy are:

- meeting requisite standards of education for students.
- maintaining high standards in student outcomes and favourable external inspection outcomes.
- recruiting viable numbers of students through selection.
- complying with legislative requirements regarding employment law, data protection, discrimination, child protection, Companies House and H M Revenue and Customs, the Charity Commission and other statutory bodies.
- operating within budget and remaining financially viable; fluctuations in education funding; potential for financial fraud and/or insufficient financial controls and systems.
- operational or reputational risks derived from employee performance or behaviour.
- Flooding - In December 2013 a tidal surge led to widespread flooding in the town. Many of the school's buildings were affected.

The key controls used by the academy include:

- detailed terms of reference for all committees.
- formal written policies.
- schemes of delegation and formal financial regulations.
- clear authorisation and approval levels.
- close monitoring and accountability systems.

**Fundraising**

All fundraising activities are organised and carried out by the academy. Fundraising activities are carefully chosen to ensure appropriate and that the amount of fundraising activities carried out are not excessive throughout the year.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The academy can confirm that:

- no fundraising has taken place with commercial participator and/or professional fundraisers.
- fundraising has conformed to recognised standards.
- no fundraising complaints have been received.
- the academy has ensured the protection of the public, including vulnerable people, from unreasonable intrusive or persistent fundraising approaches and undue pressure.

**Plans for future periods**

Boston Grammar School is planning to exploit the opportunities afforded by the status to utilise governance freedoms to further improve both the estate and the educational provision within the academy.

The next stage of development of the Academy will include:

- ensuring that the educational vision of academic excellence that underpinned the formation of the Academy is delivered.
- bringing teaching and learning up to date, with enhanced new technologies.
- recruiting and retaining high quality staff as the staffing profile moves forward.
- establishing the role of the academy within the community and developing collaborations that benefit students and stakeholders.
- improving the ageing school estate, pursuing much-needed ESFA capital funding

**FUNDS HELD AS CUSTODIAN ON BEHALF OF OTHERS**

The academy has no funds held as Custodian on behalf of others.

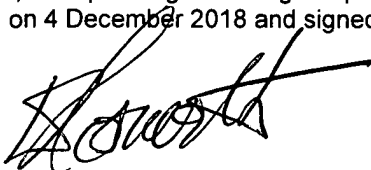
**AUDITORS**

In so far as the trustees 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 4 December 2018 and signed on its behalf by:

Mr D P Bosworth  
Chair of Trustees



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**BOSTON GRAMMAR SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Boston Grammar School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Boston Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 5 times, though not all trustees have been in post for the whole period. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr D P Bosworth, Chair	5	5
Mr M Bartholomew, Trustee	0	1
Dr K Jacobs, Trustee	2	4
Mrs S Dickens, Vice Chair	5	5
Mr W Moody, Trustee	0	3
Mrs A Karimazondo, Trustee	1	1
Mrs D Sherwin, Trustee	2	2
Reverend Steve Holt, Trustee	3	5
Mr J Caborn, Trustee	0	1
Mrs D Robinson, Trustee	5	5
Mr N Duffield, Trustee	1	1
Mrs H Adams, Trustee	5	5
Mr D Hudson, Trustee	0	0
Mr J P McHenry, ex officio	5	5
Miss C Abrams, Governor	5	5
Mrs C Ellis, Governor	5	5

Trustees and leaders have been evaluating their performance regularly over the course of the year. The regular scrutiny of the SEF and Academy Development Plan have involved reviewing all aspects of the school including its leadership and governance. Trustees meet regularly and hold school leaders to account.

The leaders' and trustees' vision is clear and ambitious. Leaders and trustees set high expectations of pupils and staff, creating a culture of respect and tolerance. Leaders and trustees are aspirational for all pupils and promote improvement effectively. There is a culture of high expectations. Respect and courtesy are the norm. Conduct at the school is impeccable. Leaders and trustees have an accurate and comprehensive understanding of the quality of education at the school. Teaching is consistently strong across the school and performance management is used effectively to improve teaching. Trustees hold senior leaders stringently to account for all aspects of the school's performance, including the use of pupil premium and SEND funding. Safeguarding is effective. Leaders and managers have created a culture of vigilance where pupils' welfare is actively promoted.

Trustees undertook training through the NGA and with Dr Stephen Hopkins, as well as through online courses. There is a Safeguarding Trustee. Trustees visit school regularly to meet with members of the SLT to discuss various aspects of the school's business. Each member of SLT had a designated trustee with a focus on a particular aspect of the school. Trustees submit regular reports to the board of trustees.

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**GOVERNANCE STATEMENT (continued)**

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The Principal and other members of SLT attended each meeting of the board of trustees and gave detailed updates on their areas of responsibility. Leaders and trustees constantly monitor and track the progress of groups of pupils. The Principal and Deputy Head (Standards and Achievements) gave regular updates on pupil progress throughout 2017/18.

Leaders' and trustees' self-evaluation is good and rigorous. This was highlighted by Ofsted in March 2018. The trustees continued their review of governance through the National Governors' Association. This was undertaken by a National Leader of Governance, Dr Stephen Hopkins. The on-going review and resulting plan have strengthened governance further. Governors are members of the NGA and the trustees continue to work with Dr Stephen Hopkins, who acts as a consultant / advisor.

The trustees are effective in discharging their core statutory functions. The trustees will ensure that they engage with parents, carers and other stakeholders more regularly. The trustees will review and improve communication. The SLT and trustees will be surveying opinion on a wide range of issues early in the next academic year.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and scrutinise income, expenditure and premises issues. The Finance and General Purposes Committee makes decisions which are ratified by the main board of trustees.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs D P Bosworth	4	4
Mrs C Ellis	4	4
Mr J P McHenry	4	4
Mrs D Robinson	4	4

The Achievement and Standards Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and scrutinise the school's academic performance and its maintenance of high standards. Trustees challenge the Principal and the Deputy Head over key performance data and monitor teaching and learning, behaviour, attendance and welfare. It was decided in December 2017 that the committee's work would be transferred to the full GB meetings.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Dickens	1	1
Mr K Jacob	1	1
Mrs H Adams	1	1
Mr J P McHenry	1	1

#### **REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Principal has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by the following.

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**GOVERNANCE STATEMENT (continued)**

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The school continues to be a very active member of the Lincolnshire Teaching Schools Alliance and has joined the Charter Teaching School, both of which enable middle and senior leaders to embrace greater opportunities for collaboration with other Lincolnshire schools. It has also led to more teaching staff undertaking focussed CPD. The school benefited from being involved with various research based projects coordinated by BGS' newly appointed 'Teaching & Learning Research and Development Coordinator'. This has meant further collaboration with local primary and secondary schools, through the Kyra Teaching School. Alongside all of this BGS became part of the 'Boston Project', working with other local secondary schools and the Local Authority to accelerate the progress of students across the area.

There have been further joint efforts through LTSA relating to improving the performance of Pupil Premium students. An Associate Assistant Head has been appointed as the school's Pupil Premium Champion to help coordinate and ensure that targeted support for PP students has a significant impact.

The employment of an effective Pastoral Manager continues to be a cost effective way of providing further support for pupils in many respects.

For the first time the school organised an 'Easter School' to reinforce other intervention and support work undertaken with Y11 and Y13 students. This proved to be a popular initiative, with almost every Y11 student attending sessions in numerous subject areas. The school also provided more individual and small group support by employing additional teaching staff. Positively Mad, a specialist group, led Y10 and Y11 students through study and revision techniques.

The school's work with Lincs Higher provided numerous opportunities for students, particularly in terms of raising aspirations and knowledge of careers and Further / Higher Education options.

The school successfully obtained the full International Schools Award, as a result of the numerous active partnerships which exist between Boston Grammar School and schools in Germany, France, Finland, Spain and Sri Lanka, to name but a few. There were numerous trips and exchanges and one completely new project involved a group of BGS students and staff, accompanied by young people and teachers from Boston's Polish School visiting Krakow, in May. Boston Police Inspector Andy Morrice, and Karolina Kowalczyk, Vice Consul at the Polish Embassy in Manchester, played a significant part in making the exchange happen. The trip was mainly funded by the Polish government. The idea was that a Polish pupil from Boston accompanied an English pupil from Boston and introduced them to their country / culture. This is the first time that such a program has been funded by the Polish authorities in this way and 12 boys from BGS were lucky enough to go on this trip. It was a great success and hopefully will act as a foundation for further joint initiatives.

Subject Leaders continue to have direct responsibility for their capitation budgets. This has led to better and more efficient use of finances and resources. Other members of SLT

Recruitment into Y7 continues to be very strong with over 110 pupils being in the each of the current Y7, Y8, Y9 and Y10 cohorts. The Y12 cohort admitted in September 2018 is the largest the school has ever had, numbering 128 students at the time of writing.

As a result of the school's growth two further classrooms have been provided through the extension of the Sixth Form Study Centre. This has improved the school's facilities significantly, giving students a rejuvenated private study area too.

#### **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 ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Boston Grammar School for the year 1

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**GOVERNANCE STATEMENT (continued)**

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September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Duncan and Toplis Limited, the external auditors, to perform additional checks.

The reviewer' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations

On a termly basis, the reviewer reports to the Finance & General Purposes Committee of the board of trustees on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.



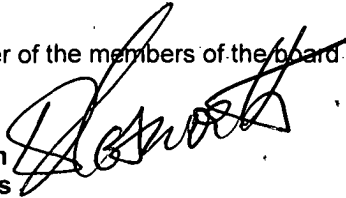
**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**


The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 4 December 2018 and signed on their behalf, by:

Mr D P Bosworth  
Chair of Trustees



Mr J P McHenry  
Accounting Officer



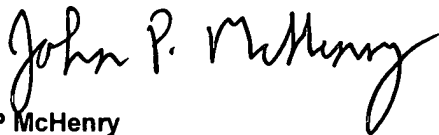
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



**Mr J P McHenry**  
**Accounting Officer**

Date: 4 December 2018

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

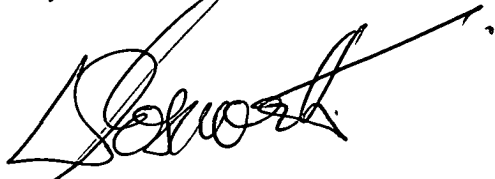
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 4 December 2018 and signed on its behalf by:



**Mr D P Bosworth**  
**Chair of Trustees**

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
BOSTON GRAMMAR SCHOOL**

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**OPINION**

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
BOSTON GRAMMAR SCHOOL**

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
BOSTON GRAMMAR SCHOOL**


**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**USE OF OUR REPORT**

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



Timothy Godson FCA (Senior statutory auditor)

for and on behalf of

**Duncan and Toplis Limited**

Chartered Accountants and Statutory Auditors

4 Henley Way  
Doddington Road  
Lincoln  
Lincolnshire  
LN6 3QR  
4 December 2018

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BOSTON  
GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 8 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Boston Grammar School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Boston Grammar School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Boston Grammar School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Boston Grammar School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF BOSTON GRAMMAR SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Boston Grammar School's funding agreement with the Secretary of State for Education dated 27 July 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

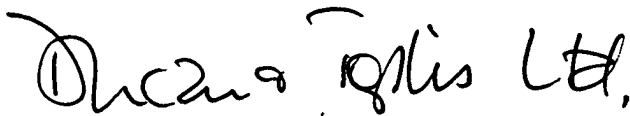
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BOSTON  
GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

**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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Timothy Godson FCA (Senior statutory auditor)

for and on behalf of

**Duncan and Toplis Limited**

Chartered Accountants and Statutory Auditors

4 Henley Way  
Doddington Road  
Lincoln  
Lincolnshire  
LN6 3QR

4 December 2018



**BOSTON GRAMMAR SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	27,013	132,900	315,036	474,949	770,871
Charitable activities:	3					
Funding for the Academy's educational operations		121,614	2,988,115	-	3,109,729	3,124,178
Other trading activities	4	88,481	-	-	88,481	66,589
Investments	5	202	-	-	202	226
<b>TOTAL INCOME</b>		<b>237,310</b>	<b>3,121,015</b>	<b>315,036</b>	<b>3,673,361</b>	<b>3,961,864</b>
<b>EXPENDITURE ON:</b>						
Funding for the Academy's educational operations		203,592	3,305,282	195,277	3,704,151	3,630,886
<b>TOTAL EXPENDITURE</b>	8	<b>203,592</b>	<b>3,305,282</b>	<b>195,277</b>	<b>3,704,151</b>	<b>3,630,886</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	20	33,718 (22,263)	(184,267) 12,982	119,759 9,281	(30,790) -	330,978 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		11,455	(171,285)	129,040	(30,790)	330,978
Actuarial gains on defined benefit pension schemes	26	-	291,000	-	291,000	495,000
<b>NET MOVEMENT IN FUNDS</b>		<b>11,455</b>	<b>119,715</b>	<b>129,040</b>	<b>260,210</b>	<b>825,978</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		45,891	(465,043)	6,770,003	6,350,851	5,431,864
Prior year adjustment (Note 19)		-	(8,248)	(84,761)	(93,009)	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>57,346</b>	<b>(353,576)</b>	<b>6,814,282</b>	<b>6,518,052</b>	<b>6,257,842</b>

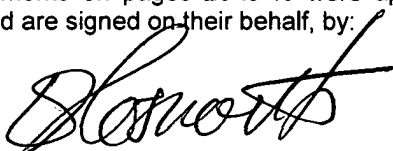
**BOSTON GRAMMAR SCHOOL**  
(A company limited by guarantee)  
REGISTERED NUMBER: 08314056

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	As restated 2017 £
<b>FIXED ASSETS</b>				
Tangible assets	14		6,794,122	6,551,028
<b>CURRENT ASSETS</b>				
Stocks	15	1,162		575
Debtors	16	101,576		355,897
Cash at bank and in hand		660,167		578,664
		<u>762,905</u>		<u>935,136</u>
<b>CREDITORS: amounts falling due within one year</b>	17	<u>(344,573)</u>		<u>(396,751)</u>
<b>NET CURRENT ASSETS</b>			<u>418,332</u>	<u>538,385</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,212,454</u>	<u>7,089,413</u>
<b>CREDITORS: amounts falling due after more than one year</b>	18		<u>(122,402)</u>	<u>(84,571)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>7,090,052</u>	<u>7,004,842</u>
Defined benefit pension scheme liability	26		<u>(572,000)</u>	<u>(747,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>6,518,052</u></u>	<u><u>6,257,842</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	20	218,424		273,709
Restricted fixed asset funds	20	6,814,282		6,685,242
Restricted income funds excluding pension liability		<u>7,032,706</u>		<u>6,958,951</u>
Pension reserve		<u>(572,000)</u>		<u>(747,000)</u>
Total restricted income funds			<u>6,460,706</u>	<u>6,211,951</u>
Unrestricted income funds	20		<u>57,346</u>	<u>45,891</u>
<b>TOTAL FUNDS</b>			<u><u>6,518,052</u></u>	<u><u>6,257,842</u></u>

The financial statements on pages 23 to 49 were approved by the Trustees, and authorised for issue, on 4 December 2018 and are signed on their behalf, by:

Mr D P Bosworth  
Chair of Trustees



**BOSTON GRAMMAR SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	As restated 2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	22	154,140	(225,969)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		(202)	(226)
Purchase of tangible fixed assets		(438,371)	(310,732)
Capital grants from DfE Group		15,036	603,916
Capital funding received from sponsors and others		300,000	-
<b>Net cash (used in)/provided by investing activities</b>		<b>(123,537)</b>	<b>292,958</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(7,254)	-
Cash inflows from new borrowing		58,154	93,009
<b>Net cash provided by financing activities</b>		<b>50,900</b>	<b>93,009</b>
<b>Change in cash and cash equivalents in the year</b>		<b>81,503</b>	<b>159,998</b>
Cash and cash equivalents brought forward		578,664	418,666
<b>Cash and cash equivalents carried forward</b>	23	<b>660,167</b>	<b>578,664</b>

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

Boston Grammar School constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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**BOSTON GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Furniture and fixtures	-	10% straight line
Computer equipment	-	25% straight line

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

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

**1.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

**1.13 Taxation**

The Academy 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**1.15 Fund accounting**

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

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

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



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**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**1.17 Realignment of comparatives**

Following revisions to the ESFA Accounts Direction, certain income and expenses in 2017/18 have been classified on a different basis to 2016/17. Where such differences arise, comparatives have been realigned to accord with 2017/18 classification.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Donations	27,013	132,900	300,000	459,913	166,955
Capital Grants	-	-	15,036	15,036	603,916
	<u>27,013</u>	<u>132,900</u>	<u>315,036</u>	<u>474,949</u>	<u>770,871</u>
Total 2017	<u>38,492</u>	<u>113,167</u>	<u>619,212</u>	<u>770,871</u>	

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,926,444	2,926,444	2,954,620
Pupil Premium	-	52,077	52,077	49,150
Other DfE/ESFA Revenue grants	-	1,800	1,800	5,167
	-	2,980,321	2,980,321	3,008,937
<b>Other government grants</b>				
SEN 1-1 Funding	-	7,794	7,794	7,794
	-	7,794	7,794	7,794
<b>Other funding</b>				
Catering income	121,614	-	121,614	107,447
	121,614	-	121,614	107,447
	121,614	2,988,115	3,109,729	3,124,178
<b>Total 2017</b>	107,447	3,016,731	3,124,178	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	12,088	-	12,088	13,802
Other income	76,393	-	76,393	52,787
	88,481	-	88,481	66,589
<b>Total 2017</b>	66,589	-	66,589	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank account interest	202	-	202	226
	<u>202</u>	<u>-</u>	<u>202</u>	<u>226</u>
<i>Total 2017</i>	226	-	226	
	<u>226</u>	<u>-</u>	<u>226</u>	

**6. DIRECT COSTS**

	Educational operations £	Total 2018 £	Total 2017 £
Educational supplies	181,472	181,472	176,796
Technology costs	20,677	20,677	15,208
Examination fees	70,647	70,647	63,564
Staff development	11,034	11,034	9,388
Other costs	62,126	62,126	85,252
Wages and salaries	1,738,064	1,738,064	1,681,150
National insurance	169,440	169,440	172,512
Pension cost	257,870	257,870	261,152
Depreciation	195,277	195,277	144,844
	<u>2,706,607</u>	<u>2,706,607</u>	<u>2,609,866</u>
<i>Total 2017</i>	2,603,193	2,603,193	
	<u>2,603,193</u>	<u>2,603,193</u>	

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**7. SUPPORT COSTS**

	<b>Educational operations</b>	<b>Total 2018</b>	<b>Total 2017</b>
	£	£	£
Technology costs	22,427	22,427	31,966
Maintenance of premises and equipment	158,817	158,817	202,555
Cleaning	6,615	6,615	7,762
Rent and rates	27,469	27,469	21,998
Energy costs	51,479	51,479	43,926
Insurance	24,871	24,871	25,338
Telephone, postage and stationery	10,490	10,490	13,507
Catering	75,611	75,611	66,812
Other costs	56,513	56,513	51,378
Bank interest and charges	1,674	1,674	1,076
Operating leases - other	5,951	5,951	4,391
Auditors' remuneration	6,655	6,655	7,405
Legal and professional fees	9,961	9,961	3,468
Wages and salaries	381,845	381,845	401,737
National insurance	21,989	21,989	21,971
Pension cost	135,177	135,177	115,730
	<b>997,544</b>	<b>997,544</b>	<b>1,021,020</b>
<i>Total 2017</i>	<i>1,027,693</i>	<i>1,027,693</i>	

During the year ended 31 August 2018, the Academy incurred the following Governance costs:

£16,616 (2017 - £10,873) included within the table above in respect of Funding for academy's trust's educational operations.

**8. EXPENDITURE**

	<b>Staff costs 2018</b>	<b>Premises 2018</b>	<b>Other costs 2018</b>	<b>Total 2018</b>	<b>Total 2017</b>
	£	£	£	£	£
Educational Operations:					
Direct costs	2,165,374	117,960	423,273	2,706,607	2,603,193
Support costs	539,011	249,601	208,932	997,544	1,027,693
	<b>2,704,385</b>	<b>367,561</b>	<b>632,205</b>	<b>3,704,151</b>	<b>3,630,886</b>
<i>Total 2017</i>	<i>2,654,252</i>	<i>416,048</i>	<i>560,586</i>	<i>3,630,886</i>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	2,706,607	997,544	3,704,151	3,630,886
<i>Total 2017</i>	<u>2,603,193</u>	<u>1,027,693</u>	<u>3,630,886</u>	

**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	195,277	144,844
Auditors' remuneration - audit	4,900	5,500
Auditors' remuneration - other services	1,755	1,905
Operating lease rentals	5,951	4,391

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**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,005,040	2,052,878
Social security costs	191,429	194,483
Operating costs of defined benefit pension schemes	393,047	376,882
	<u>2,589,516</u>	<u>2,624,243</u>
Agency staff costs	110,169	30,009
Staff restructuring costs	4,700	-
	<u>2,704,385</u>	<u>2,654,252</u>

Staff restructuring costs comprise:

Severance payments	4,700	-
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**b. Non-statutory/non-contractual staff severance payments**

During the year a severance payment was made to one individual of £4,700.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers and management	38	41
Support and administration	38	41
	<u>76</u>	<u>82</u>

Average headcount expressed as a full time equivalent:

2018 No.	2017 No.
60	63

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1

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**11. STAFF COSTS (continued)**

The above employee earning more than £70,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for the members of staff amounted to £12,602 (2017: £12,175),

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £277,548 (2017: £288,788).

**12. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
Mr J McHenry, Principal	Remuneration	<b>75-80</b>	<b>70-75</b>
	Pension contributions paid	<b>10-15</b>	<b>10-15</b>
Mrs C Ellis, Staff Trustee	Remuneration	<b>15-20</b>	<b>15-20</b>
	Pension contributions paid	<b>0-5</b>	<b>0-5</b>
Miss C Abrams, Staff Trustee	Remuneration	<b>45-50</b>	<b>45-50</b>
	Pension contributions paid	<b>5-10</b>	<b>5-10</b>

During the year ended 31 August 2018, expenses totalling £1,115 (2017 - £2,302) were reimbursed to 3 Trustees (2017 - 3).

**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £917 (2017 - £427).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2017	6,685,000	418,550	66,143	-	7,169,693
Additions	-	281,001	13,706	143,664	438,371
At 31 August 2018	<u>6,685,000</u>	<u>699,551</u>	<u>79,849</u>	<u>143,664</u>	<u>7,608,064</u>
<b>Depreciation</b>					
At 1 September 2017	550,480	20,195	47,990	-	618,665
Charge for the year	117,960	68,686	8,631	-	195,277
At 31 August 2018	<u>668,440</u>	<u>88,881</u>	<u>56,621</u>	<u>-</u>	<u>813,942</u>
<b>Net book value</b>					
At 31 August 2018	<u>6,016,560</u>	<u>610,670</u>	<u>23,228</u>	<u>143,664</u>	<u>6,794,122</u>
At 31 August 2017	<u>6,134,520</u>	<u>398,355</u>	<u>18,153</u>	<u>-</u>	<u>6,551,028</u>

**15. STOCKS**

	2018 £	2017 £
Finished goods and goods for resale	<u>1,162</u>	<u>575</u>

**16. DEBTORS**

	2018 £	2017 £
Trade debtors	33,005	40,722
VAT recoverable	36,560	37,553
Other debtors	716	-
Prepayments and accrued income	31,295	277,622
	<u>101,576</u>	<u>355,897</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. CREDITORS: Amounts falling due within one year**

	2018 £	As restated 2017 £
Other loans	21,507	8,438
Trade creditors	163,800	88,845
Other taxation and social security	51,101	49,751
Other creditors	48,496	53,394
Accruals and deferred income	59,669	196,323
	<u>344,573</u>	<u>396,751</u>
	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	15,167	16,131
Resources deferred during the year	15,093	15,167
Amounts released from previous years	(15,167)	(16,131)
Deferred income at 31 August 2018	<u>15,093</u>	<u>15,167</u>

At the balance sheet date the Academy was holding funds received in advance for ESFA rates relief of £11,065 and funds received in advance from pupils for locker deposits and meals of £4,102.

**18. CREDITORS: Amounts falling due after more than one year**

	2018 £	As restated 2017 £
Other loans	<u>122,402</u>	<u>84,571</u>
Creditors include amounts not wholly repayable within 5 years as follows:		
	2018 £	As restated 2017 £
Repayable by instalments	<u>42,190</u>	<u>45,067</u>

The above creditors include:

Loans of £14,761 and £8,248 from ESFA under Salix loans which are provided over 8 years with no interest.

A loan of £58,154 from ESFA under a Salix loan which is provided over 5 years with no interest.

A loan of £70,000 from ESFA under the Condition Improvement Fund which is provided over 10 years with an interest rate of 1.85%, repayable in 10 yearly instalments of £7,732.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been made in respect of CIF And Salix Loans totalling £93,009 that was received in the year ended 31 August 2017. This had been classified previously as CIF income.

**20. STATEMENT OF FUNDS**

	Balance at 1 September 2017 <i>As restated</i> £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	45,891	237,310	(203,592)	(22,263)	-	57,346
<b>Restricted funds</b>						
General Annual Grant (GAG)	71,315	2,926,444	(2,975,279)	(9,281)	-	13,199
Other Dfe/ESFA Grants	12,340	53,877	(37,726)	-	-	28,491
Government grants	-	7,794	(7,794)	-	-	-
School Fund	161,222	132,900	(117,388)	-	-	176,734
Condition Improvement Fund	28,832	-	(51,095)	22,263	-	-
Pension reserve	(747,000)	-	(116,000)	-	291,000	(572,000)
	(473,291)	3,121,015	(3,305,282)	12,982	291,000	(353,576)
<b>Restricted fixed asset funds</b>						
Dfe/ESFA capital grants	489,059	15,036	(66,278)	1,032	-	438,849
Capital expenditure from GAG	59,075	-	(13,598)	8,249	-	53,726
Capital expenditure from other income	6,137,108	300,000	(115,401)	-	-	6,321,707
	6,685,242	315,036	(195,277)	9,281	-	6,814,282
Total restricted funds	6,211,951	3,436,051	(3,500,559)	22,263	291,000	6,460,706
Total of funds	6,257,842	3,673,361	(3,704,151)	-	291,000	6,518,052

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DFE / ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. STATEMENT OF FUNDS (continued)**

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £116,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £291,000 actuarial decrease in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 As restated £
<b>General funds</b>						
General Fund	18,523	212,754	(185,386)	-	-	45,891
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	2,954,620	(2,877,599)	(5,706)	-	71,315
Other Dfe/ESFA Grants	-	54,317	(41,977)	-	-	12,340
Government grants	-	7,794	(7,794)	-	-	-
School Fund	177,201	113,167	(129,146)	-	-	161,222
Condition Improvement Fund	-	179,972	(151,140)	-	-	28,832
Pension reserve	(1,149,000)	-	(93,000)	-	495,000	(747,000)
	<u>(971,799)</u>	<u>3,309,870</u>	<u>(3,300,656)</u>	<u>(5,706)</u>	<u>495,000</u>	<u>(473,291)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

DfE/ESFA capital grants	75,642	423,944	(10,527)	-	-	489,059
Capital expenditure from GAG	54,085	15,296	(16,012)	5,706	-	59,075
Government Capital Grant	6,255,413	-	(118,305)	-	-	6,137,108
	<u>6,385,140</u>	<u>439,240</u>	<u>(144,844)</u>	<u>5,706</u>	<u>-</u>	<u>6,685,242</u>
Total restricted funds	<u>5,413,341</u>	<u>3,749,110</u>	<u>(3,445,500)</u>	<u>-</u>	<u>495,000</u>	<u>6,211,951</u>
Total of funds	<u>5,431,864</u>	<u>3,961,864</u>	<u>(3,630,886)</u>	<u>-</u>	<u>495,000</u>	<u>6,257,842</u>

**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 As restated £
<b>Unrestricted funds</b>						
General Fund	18,523	450,064	(388,978)	(22,263)	-	57,346
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,881,064	(5,852,878)	(14,987)	-	13,199
Other DfE/ESFA Grants	-	108,194	(79,703)	-	-	28,491
Government grants	-	15,588	(15,588)	-	-	-
School Fund	177,201	246,067	(246,534)	-	-	176,734
Condition Improvement Fund	-	179,972	(202,235)	22,263	-	-
Pension reserve	(1,149,000)	-	(209,000)	-	786,000	(572,000)
	<u>(971,799)</u>	<u>6,430,885</u>	<u>(6,605,938)</u>	<u>7,276</u>	<u>786,000</u>	<u>(353,576)</u>

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**20. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

DfE/ESFA capital grants	75,642	438,980	(76,805)	1,032	-	438,849
Capital expenditure from GAG	54,085	15,296	(29,610)	13,955	-	53,726
Government Capital Grant	6,255,413	300,000	(233,706)	-	-	6,321,707
	<u>6,385,140</u>	<u>754,276</u>	<u>(340,121)</u>	<u>14,987</u>	<u>-</u>	<u>6,814,282</u>
	<u>5,413,341</u>	<u>7,185,161</u>	<u>(6,946,059)</u>	<u>22,263</u>	<u>786,000</u>	<u>6,460,706</u>
Total of funds	<u>5,431,864</u>	<u>7,635,225</u>	<u>(7,335,037)</u>	<u>-</u>	<u>786,000</u>	<u>6,518,052</u>

**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	6,794,122	6,794,122
Current assets	57,346	549,223	156,336	762,905
Creditors due within one year	-	(324,098)	(20,475)	(344,573)
Creditors due in more than one year	-	(6,701)	(115,701)	(122,402)
Provisions for liabilities and charges	-	(572,000)	-	(572,000)
	<u>57,346</u>	<u>(353,576)</u>	<u>6,814,282</u>	<u>6,518,052</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds as restated 2017 £
Tangible fixed assets	-	-	6,551,028	6,551,028
Current assets	45,891	670,940	218,305	935,136
Creditors due within one year	-	(389,498)	(7,253)	(396,751)
Creditors due in more than one year	-	(7,733)	(76,838)	(84,571)
Provisions for liabilities and charges	-	(747,000)	-	(747,000)
	<u>45,891</u>	<u>(473,291)</u>	<u>6,685,242</u>	<u>6,257,842</u>

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**22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	As restated 2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(30,790)	330,978
<b>Adjustment for:</b>		
Depreciation charges	195,277	144,844
Dividends, interest and rents from investments	202	226
(Increase)/decrease in stocks	(587)	25
Decrease/(increase) in debtors	254,321	(272,235)
(Decrease)/increase in creditors	(65,247)	81,109
Capital grants from DfE and other capital income	(315,036)	(603,916)
Defined benefit pension scheme cost less contributions payable	96,000	68,000
Defined benefit pension scheme finance cost	20,000	25,000
<b>Net cash provided by/(used in) operating activities</b>	<b>154,140</b>	<b>(225,969)</b>

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash at bank	660,167	578,664
<b>Total</b>	<b>660,167</b>	<b>578,664</b>

**24. CONTINGENT LIABILITIES**

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was as received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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**25. CAPITAL COMMITMENTS**

At 31 August 2018 the Academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>206,336</u>	<u>324,800</u>

**26. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £35,703 were payable to the schemes at 31 August 2018 (2017 - £38,731) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**26. PENSION COMMITMENTS (continued)**

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £209,224 (2017 - £218,991).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £110,000 (2017 - £112,000), of which employer's contributions totalled £85,000 (2017 - £87,000) and employees' contributions totalled £25,000 (2017 - £25,000). The agreed contribution rates for future years are 20.9% for employers and 19.9% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.80 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

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



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**26. PENSION COMMITMENTS (continued)**

<b>Sensitivity analysis</b>	<b>At 31 August 2018 £</b>	<b>At 31 August 2017 £</b>
Discount rate -0.5%	281,000	275,000
Salary increase rate +0.5%	55,000	59,000
Pension increase rate +0.5%	222,000	210,000

The Academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2018 £</b>	<b>Fair value at 31 August 2017 £</b>
Equities	1,006,000	922,000
Bonds	207,000	142,000
Property	152,000	106,000
Cash and other liquid assets	14,000	12,000
<b>Total market value of assets</b>	<b>1,379,000</b>	<b>1,182,000</b>

The actual return on scheme assets was £31,000 (2017 - £20,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2018 £</b>	<b>2017 £</b>
Current service cost	(181,000)	(155,000)
<b>Actual return on scheme assets</b>	<b>31,000</b>	<b>20,000</b>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2018 £</b>	<b>2017 £</b>
Opening defined benefit obligation	1,929,000	2,062,000
Current service cost	181,000	155,000
Interest cost	51,000	45,000
Employee contributions	25,000	25,000
Actuarial gains	(224,000)	(348,000)
Benefits paid	(11,000)	(10,000)
<b>Closing defined benefit obligation</b>	<b>1,951,000</b>	<b>1,929,000</b>

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**26. PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	1,182,000	913,000
Interest income	31,000	20,000
Actuarial losses	67,000	147,000
Employer contributions	85,000	87,000
Employee contributions	25,000	25,000
Benefits paid	(11,000)	(10,000)
	<u>1,379,000</u>	<u>1,182,000</u>
Closing fair value of scheme assets	<u>1,379,000</u>	<u>1,182,000</u>

**27. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	7,240	3,111
Between 1 and 5 years	23,729	25,871
	<u>30,969</u>	<u>28,982</u>
Total	<u>30,969</u>	<u>28,982</u>

**28. MEMBERS' LIABILITY**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**29. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Boston Grammar School Appeals Trust - a trust in which Mr D P Bosworth (Trustee) is a trustee.

- The academy received a donation from BGS Appeals Trust of £2,296 (2017: £1,380). At the year end there was a balance owing from the Appeals Trust of £287 (2017: £NIL).

Boston Grammar School Charitable Foundation - a trust in which Mr Tryner (Trustee) and Mrs S Dickens (Trustee) are trustees.

- During the year the academy received donations from the trust totalling £264,000 (2017: £25,396), including £250,000 in respect of the 6th form expansion building work.

**30. AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £11,867 (2017: £11,030) and disbursed £12,206 (2017: £9,521) from the fund.

An amount of £9,993 (2017: £10,331) was undistributed at the year end and included within other creditors.