

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED
(Company number 06612259)
BURY GRAMMAR SCHOOLS
(Registered Charity No. 526622)

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012**

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THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

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THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

GOVERNORS, OFFICERS AND ADVISERS

DIRECTORS

The Directors of the Company (who are Governors of the Schools) as at the date of this report are set out below

Mrs S Talukdar Henry	Chairman	
Mr L A Goldberg	Deputy Chairman	\$
Mr B Allan		\$
Dr G M Brown		+
Mr S N Brown		#
Mr M J Entwistle		*#
Revd Dr J C Findon		#
Mrs D L Hampson		\$@#
Mr A Marshall		*@
Mr A C Murray		*@
Mrs J D Pickering		+@
Dr J G T Rajasansir		+
Mr J A Rigby		*@#
Mr J H Spencer		\$
Mrs S N Yule		+

Key:	*	Member of the Finance Committee
	+	Member of the Academic Committee
	\$	Member of the Building & Services Committee
	#	Member of the Development Fund Raising Committee
	@	Member of the Appointments Committee

The Chairman is an ex officio member of all Committees

Mrs B Peachment retired in March 2012 after many years of service

After the introduction of a new charity scheme in August 2008, Governors are co-opted on to the Governing body and there are no nominating bodies as in the past. Governors are also directors of the sole corporate trustee, The Bury Grammar Schools Trustee Limited. Initially Governors serve for a variety of specific terms as set out in the Memorandum and Articles of Association of the corporate trustee. Thereafter Governors are appointed for a term of four years and can be appointed for a maximum of two further terms of four years each.

OFFICERS

Headmistress	Mrs R S Georghiou
Headmaster	The Revd S C Harvey
Bursar & Clerk to the Governors	Mr D A Harrison

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

GOVERNORS, OFFICERS AND ADVISERS *(continued)*

COMPANY/CHARITY ADDRESS

Farraday House
Bridge Road
Bury
BL9 0HG

ADVISERS

Bankers

Barclays Bank Plc
1 Central Street
The Rock
Bury
BL9 0JN

Auditors

Horsfield & Smith
Chartered Accountants & Registered Auditor
Tower House
269 Walmersley Road
Bury
BL9 6NX

Solicitors

Woodcocks
12 Manchester Road
Bury
BL9 0DX

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Investment advisers

James Sharp & Co
The Exchange
5 Bank Street
Bury
BL9 0DN

Insurers

Zurich Municipal
Southwood Crescent
Farnborough
GU14 0NJ

SFS Group Ltd
South Street
Dorking
RH4 2HQ

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

GOVERNORS' REPORT (also DIRECTORS' REPORT)

The Governors have pleasure in presenting their Annual Report and Financial Statements for the year ended 31st August 2012

REFERENCE AND ADMINISTRATIVE INFORMATION

Constitution

A new Bury Grammar Schools Charity scheme was sealed in August 2008. The registered charity number is 526622.

Governors, Officers and Advisers

The Governors and executive officers are listed on page 1. The address of the Charity and particulars of its principal professional advisers are given on page 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

A scheme of the charity commissioners was sealed in August 2008. Under this scheme a sole corporate Trustee - The Bury Grammar Schools Trustee Limited - was appointed. This company, registration number 06612259, was incorporated in England & Wales under the Companies Act 1985 on 5th June 2008. On 1st September 2008 the assets and undertaking of Bury Grammar Schools charity were transferred to the corporate trustee which commenced its activities on that date.

Governing body

Particulars of the current board of Governors of the Schools who are also the Directors of the corporate trustee are detailed on page 1.

Recruitment and training

An Appointment Committee meets when required to review the structure of the Governing body and in particular to make recommendations to the Governing body in respect of potential new Governors. New Governors are initially inducted into the workings of the Charity in discussions with the Bursar covering areas such as organisational management, charity regulations and guidance supplied by AGBIS. Meetings are then held with the Head of each School, where priority is given to child protection and other key policies. Training is given according to any specific responsibilities allocated to a new Governor. In addition, where it is considered appropriate, all Governors attend training workshops on specific topics, eg employment law and inspection. A full day strategy meeting is held annually.

Organisational Management

Governors are legally responsible for the overall management and control of the Schools. A full review of the workings of the Governors was carried out during 2008. Full Governors' meetings are held at least once each term. Implementation of most of the Governors' policies is carried out by the Building, Finance and Academic Committees, which usually meet once per term, and the Development Fund Raising Committee which meets when required. All committees have terms of reference, which set out their purpose and role, membership and frequency of meetings, duties and responsibilities, reporting requirements.

The Headmistress, Headmaster and Bursar attend all Full Governors' and Committee Meetings. Day-to-day running of the Schools is delegated to these three individuals. Delegated authority is set down in detail regarding expenditure and appointment of staff.

Risk Management

The Governors have examined the principal areas of the Schools' operations and considered the major risks faced in each of these areas. In the opinion of the Governors, the charity has appropriate systems in place which under normal conditions allow these risks (where it is possible to do so) to be mitigated to an acceptable level in its day to day operations.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

GOVERNORS' REPORT *(continued)*

The key controls used by the charity include -

- Formal agendas for all Committee and Board activity
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Vetting procedures for the protection of children

SUBSIDIARY COMPANY

A wholly owned subsidiary of the corporate trustee, Bury Grammar School Services Limited (company number 08150083), was incorporated on 19th July 2012. The company has been set up as a vehicle for the charity's trading activities but has not traded during the year under review.

OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES

Objects

The Governors have referred to the guidance contained in the Charity Commission's statement on public benefit when reviewing the charity's aims and objectives and in planning for its future activities. In particular, Governors consider how planned activities will contribute to the aims and objectives.

The object of the charity is the provision and maintenance of a day school for boys and a day school for girls, these being Bury Grammar School Boys and Bury Grammar School Girls. Within these objects, the Schools aim to provide a first class independent education, both through strong academic tuition, and through developing wider sporting, artistic and social skills in all pupils.

Charitable Activities & Public Benefit

As well as achieving the objectives in respect of providing a first class education for all pupils, the Schools also endeavour to provide public benefit by:

- Encouraging pupils to attend irrespective of their parents' ability to pay fees. This is achieved by operating a Governors' Award scheme for pupils at 11 plus, and by a 6th Form bursary scheme. The following sub-section, Bursaries, sets out the levels of bursary assistance provided which the Governors believe falls within the guidelines set out by the Charity Commission in respect of public benefit. Wider access is aided by an advertising campaign which highlights the availability of bursaries. This campaign draws attention to the Schools' websites, which give prominence to explaining how the award scheme works and allows parents to download the relevant documentation.
- Encouraging pupils to engage in charitable activities such as fund-raising for local charities and working in the community as part of a structured activities programme.
- Making the Schools' facilities available where possible to other schools.
- Involvement in the Ogden Science Partnership with maintained schools in the area.

Bursaries (Grants)

An awards scheme for pupils entering the senior school is available, where parents need financial assistance in order for their sons or daughters to attend the Schools. The Schools continue to receive funding from other outside bodies which provide bursary assistance in the senior schools, notably the Ormerod Scholarship Fund, the Peter Kershaw Trust, the Hulme Trust, the Ogden Trust, the John Slater Foundation and The Greater Manchester Educational Trust.

Through the workings of the Schools' development office, a number of bursaries have been provided by other charities, companies and by individual donations. The Schools are most grateful to those organisations and individuals. The Development Office has two prime objectives, raising funds for building projects and for bursaries. The Governors consider that it is essential that as many children as possible who reach the Schools'

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YEAR ENDED 31ST AUGUST 2012

GOVERNORS' REPORT *(continued)*

academic criteria can attend the Schools, where their parents cannot afford the fees. Substantial funds have already been raised and are reflected in these financial statements.

The Schools also participate in the Ogden Trust 6th form Science Scholarship Scheme.

Grants to individual parents in respect of their children who are pupils at the Schools are means tested.

In the year to August 2012 £778,000 was provided directly or indirectly by way of bursary assistance, excluding sibling discount and staff remission. This represents a significant proportion of income.

Alumni

The Schools benefit from a thriving network of alumni whose close support is greatly appreciated. Many of these provide public benefit to our own pupils in the shape of mock interviews, work experience, talks and lectures.

ACHIEVEMENTS AND PERFORMANCE

Review of Activities

In the year the Schools had over 1,500 pupils, of whom over 500 were Junior School or Kindergarten pupils and the remainder in the Senior Schools and Sixth Forms.

The 2012 examination results were excellent. At GCSE the achievement of A* to C grades was 93% in the Boys' School and almost 99% in the Girls' School. At A level the pass rate across both Schools was almost 100%. These results enabled the vast majority of our departing pupils to take up degree courses of their choice at prestigious universities.

It is clear that the Schools' continued success in public examinations and the provision of first class facilities, together with dedicated teaching staff attracts parents and their children to the Schools.

Developments

Over the year there have been a number of significant developments, including

- Commencement of the new Arts Centre in the Girls' School
- Completion of the refurbished Science laboratories in the Boys' School
- Installation of new electricity substations for each School to ensure that the incoming supply is sufficient for the Schools' needs

The Arts Centre and substations were partly financed by a revolving credit facility with Barclays Bank for a maximum of £1million. £320,000 of this facility had been drawn down at the year end.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Financial Activities

There has been an increase in total resources in the year of £403,000 (2011: £384,000). This result is in line with the Governors' long term targeted percentage of fee income in respect of operations.

Investments

The Governors have established two categories of bursary funds, designated funds, held primarily in deposits, and restricted funds held in a mix of deposits and investments. The holding in the Albany Investment Trust plc was sold shortly before the year end and the proceeds held in cash.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

GOVERNORS' REPORT *(continued)*

The statement of financial activities shows the realised and unrealised gain which has arisen from the small increase in investment values. The Governors' intention is that the investment of restricted funds is a long-term policy, thereby maintaining the real value of the original gift.

Where such endowments required the original capital to be invested, (and this does not apply to all restricted funds which have been invested) the Governors' view is that such objectives have been achieved. There is accumulated income on such endowments but it is the Governors' intention to instigate a Total Return Order (thereby accessing the capital growth) in order to ensure that there are sufficient funds available to provide bursary assistance for pupils when it is required.

Reserves

Notes 15 and 16 to the accounts show the assets and liabilities attributable to the various funds by type.

The Schools' unrestricted funds stood at £9.65 million at the year end. There were £11.2 million of funds deployed on school buildings and other fixed assets. The position a year earlier was unrestricted fund balances of £9.3 million and fixed assets of £10.2 million.

There is an absence of free reserves and the additional fixed assets over recent years have been partially financed by a bank loan repayable over 10 years.

The Governors' policy is to utilise free reserves when available to provide up to date facilities for pupils.

Day to day working capital is provided by careful management of the Schools' cash resources, which includes strict control over payment of fees.

Governors monitor the level of reserves and review the policy annually in line with the Schools' strategic plan.

The aim is to build up reserves out of operation surpluses to a level that meets the needs of the Schools at the time, whether this is for capital expenditure to provide up to date facilities, or for working capital.

Valuation of Buildings

Under FRS 15 (Tangible Fixed Assets) it is recommended that the Governors state tangible fixed assets at a fair value. After due consideration, the Governors have decided to continue with their previous policy and show the value of buildings at historical cost, rather than at a re-valued amount.

FUTURE PLANS

6th form centre

Planning permission was granted for the 6th form centre in April 2011 and it is intended to commence work once the Arts Centre (below) is completed, although some initial demolition and facilitation work has taken place.

Girls' School

The Arts Centre is due to be handed over to the School in early 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of the corporate trustee are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for the period.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

GOVERNORS' REPORT *(continued)*

In preparing those financial statements the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent,
- state whether the United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charitable company will continue in operation

The directors are responsible for keeping proper accounting records which 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. The directors 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.

In so far as the directors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the directors 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

AUDITOR

Horsfield & Smith are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the Directors



S T HENRY (Director)

Dated 18th March 2013

Farraday House
Bridge Road
Bury
BL9 0HG

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

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

This report is made solely to the charitable company's members, as a body, in accordance with section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the members as a body, for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement (set out on pages 6 to 7), the directors of the corporate trustee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2012, 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.

Opinion on other matter prescribed by the Companies Act 2006

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

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

YEAR ENDED 31ST AUGUST 2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED *(continued)***

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**JONATHAN STAPLES BSc FCA DChA
(Statutory Senior Auditor)
For and on behalf of
HORSFIELD & SMITH**

Chartered Accountants & Statutory Auditor

**Tower House
269 Walmersley Road
Bury
Lancashire
BL9 6NX**

Dated: 18th March 2013

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income and Expenditure account)

FOR THE YEAR ENDED 31ST AUGUST 2012

	Note	2012 Unrestricted £000	2012 Restricted £000	2012 Total £000	2011 Total £000
INCOMING RESOURCES					
Activities to further the charity's objects					
Fees		12,059	234	12,293	12,404
Less bursaries and fee assistance	1	(348)	(596)	(944)	(974)
		11,711	(362)	11,349	11,430
Ancillary Income	2	538	-	538	604
Generated funds					
Investment Income	3	7	23	30	60
Donations	4	11	382	393	419
TOTAL INCOMING RESOURCES		<u>12,267</u>	<u>43</u>	<u>12,310</u>	<u>12,513</u>
RESOURCES EXPENDED					
Cost of Generating Funds					
Fundraising and Publicity		104	-	104	102
Financing Costs - other		260	-	260	160
		<u>364</u>	<u>-</u>	<u>364</u>	<u>262</u>
Charitable Expenditure					
Academic		8,108	-	8,108	8,257
Welfare		606	-	606	564
Premises		1,846	-	1,846	2,068
Support Costs		899	-	899	894
Administration of the charity	5	44	-	44	44
Governance		40	-	40	40
		<u>11,543</u>	<u>-</u>	<u>11,543</u>	<u>11,867</u>
TOTAL RESOURCES EXPENDED		<u>11,907</u>	<u>-</u>	<u>11,907</u>	<u>12,129</u>
NET INCOMING RESOURCES		360	43	403	384
Realised gains on investments		-	17	17	-
Unrealised gain/(loss) on investment assets		-	1	1	19
NET INCOME FOR THE YEAR		360	61	421	403
Fund Balances at 1 st September 2011		9,293	2,491	11,784	11,381
FUND BALANCES AT 31ST AUGUST 2012		<u>9,653</u>	<u>2,552</u>	<u>12,205</u>	<u>11,784</u>

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

BALANCE SHEET

31ST AUGUST 2012

	Note	2012 £000	2011 £000
FIXED ASSETS			
Tangible fixed assets	8	11,208	10,190
Investments	9	363	484
		<u>11,571</u>	<u>10,674</u>
CURRENT ASSETS			
Stocks	10	31	37
Debtors	11	456	609
Short term investments	12	1,871	2,387
Cash at bank and in hand		496	288
		<u>2,854</u>	<u>3,321</u>
CREDITORS: Amounts falling due within one year	13	(1,620)	(1,461)
NET CURRENT ASSETS		<u>1,234</u>	<u>1,860</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,805	12,534
CREDITORS: Amounts falling due after more than one year	14	600	750
		<u>12,205</u>	<u>11,784</u>
FUNDS			
Unrestricted Funds	16	9,298	8,924
Designated Funds	15/16	355	369
Restricted Funds	16	2,552	2,491
		<u>12,205</u>	<u>11,784</u>

These financial statements were approved by the Directors and authorised for issue on 18th March 2013 and are signed on their behalf by

S T HENRY (Director)


A MARSHALL (Director)

Company Registration number 06612259

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 2012

	2012		2011
	£000	£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES		701	399
RETURNS ON INVESTMENTS			
Income from Investments	12		20
Interest Received	18		40
Sale of Investments	<u>139</u>		<u>-</u>
		<u>169</u>	<u>60</u>
		870	459
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payment for tangible fixed assets		1,028	314
		<u></u>	<u></u>
NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(158)	145
		<u></u>	<u></u>
RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS			
FINANCING			
Loan repayments made		(150)	(150)
NET CASH INFLOW		<u>(308)</u>	<u>(5)</u>
		<u></u>	<u></u>
RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS			
Net Incoming Resources		403	384
Depreciation		10	4
Investment Income		(30)	(60)
Decrease/(Increase) in Stock		6	(4)
Decrease/(Increase) in Debtors		153	(42)
Increase/(Decrease) in Creditors		159	117
Net cash inflow from operations		<u>701</u>	<u>399</u>
		<u></u>	<u></u>
ANALYSIS OF CHANGES IN NET CASH RESOURCES			
	1st Sept	Movement	31st Aug
	2011	in the year	2012
Short term investments	2,387	(516)	1,871
Cash at Bank & In hand	288	208	496
	<u>2,675</u>	<u>(308)</u>	<u>2,367</u>
	<u></u>	<u></u>	<u></u>

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST AUGUST 2012

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention modified by the adoption of market value of investments, and in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice 'Accounting & Reporting by Charities' issued in March 2005 (SORP 2005) and the Companies Act 2006

b) Incoming Resources

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt. Credit is taken for tuition fees relating to the school year, which is the same as the financial year. Investment income is accounted for when receivable. Donations and all other receipts from fundraising are reported gross and the related costs are reported under fundraising expenditure.

c) Resources Expended

Resources expended are accounted for on an accruals basis. The charity is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT. The Schools' operating costs include staff costs, premises costs and other related costs. All costs are allocated directly to the appropriate heading under charitable expenditure save for the Administration of the Charity and Governance costs, which are apportioned on the basis of management estimates of the time spent.

d) Fixed assets

Additions to land and buildings are capitalised. Significant purchases of office, plant and kitchen equipment, and motor vehicles are also capitalised. Educational equipment and other items are dealt with on a renewals basis and are written off against revenue in the year in which the expenditure is incurred.

Freehold buildings are regularly maintained at a high standard. Consequently the Governors consider that the residual value of the assets at the end of their expected useful life will equal their cost and therefore consider it unnecessary to make provision for the depreciation of these assets, which would normally be written off over 50 years in equal annual amounts. The original cost of the buildings demolished cannot be established and is not significant in relation to the total investment in land and buildings or their insured value.

Depreciation on significant purchases of office and kitchen equipment is calculated at the following rates:

Office, plant and kitchen equipment	10 – 33%	straight line
Substation plant	2%	straight line

e) Investments

Investments are required, under the Statement of Recommended Practice, to be shown at market value at the balance sheet date. Movements in market value are recognised as unrealised gains and losses.

f) Stocks

Stocks are valued at the lower of cost or net realisable value, when it is considered that they are significant in relation to the operations of the Schools.

g) Debtors

Known bad debts are written off and provision is made for any considered to be doubtful.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

ACCOUNTING POLICIES *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

h) Restricted, Unrestricted and Designated Funds

Restricted funds are to be used for specified purposes as laid down by the donor. Unrestricted funds comprise incoming and outgoing resources and expenditure for the Schools' purposes. Designated funds are unrestricted funds set aside for particular purposes. Restricted funds include a minimum of 2½% provided from fees receivable in respect of full fee paying places in the Senior Schools. This provision is allowed under the constitution of the Schools and is at a level decided upon by the directors. It is utilised for the Governors' awards scheme which provides bursaries. Donations to bursary funds are treated as restricted funds. Restricted funds include £61,000 in respect of permanent endowment.

i) Grants

Grants, including grants for the purchase of fixed assets and special projects, are recognised in full in the statement of financial activities in the year in which they are received or receivable. Grants made by educational trusts in respect of fees due for pupils, which are immediately allocated to the relevant account are not separately disclosed, but are included in unrestricted fees.

j) Pension contributions

The teaching staff are members of the DfE Teachers' Pensions Agency Superannuation Scheme, which is a defined benefit scheme. Contributions are deemed to be invested in a notional fund. New funding method strategies applied from an effective date of 31 March 2001, remove the possibility of surplus or deficit.

Non-teaching staff are members of the Pensions Trust Scheme further details of which are set out in note 19.

Where applicable, the assets of both these schemes are held separately from those of the Schools in independently administered funds.

k) Taxation

The Schools are an exempt charity and benefits by being exempt from corporation tax on income. The Schools are exempt from levying VAT on the services it provides to pupils. For this reason the Schools are generally unable to recover input VAT on goods and services purchased, which is therefore included in the cost of those goods and services. The subsidiary company, Bury Grammar Schools Services Limited covenants all profits to the charity.

l) School Trips

The Schools collect monies in respect of trips and pays these monies out in full. As these funds do not represent income for the Schools, they are not accounted for in the Statement of Financial Activities.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2012

1. BURSARIES & FEE ASSISTANCE

	2012	2011
	£000	£000
Bursaries, discounts and fee assistance	900	923
Kay Scholarships	44	51
	<u>944</u>	<u>974</u>

Bursaries and fee assistance are means tested Kay Scholarships are not means tested In addition, pupils have received £109,000 (2011 £167,000) from educational trusts and other sources credited direct to unrestricted fees

2. ANALYSIS OF ANCILLARY INCOME

	2012	2011
	£000	£000
Administration and other charges	6	67
Catering	335	354
Coach charges	117	111
After School & Breakfast Club charges	77	72
Sundry income	3	-
	<u>538</u>	<u>604</u>

3. ANALYSIS OF INVESTMENT INCOME

	2012	2011
	£000	£000
Interest on bank & building society deposits	18	40
Dividends	8	16
Income on fixed interest securities	4	4
	<u>30</u>	<u>60</u>

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

4. ANALYSIS OF DONATIONS

	2012		2011	
	Unrestricted	Restricted	Unrestricted	Restricted
	£000	£000	£000	£000
Hulme Trust	11	-	10	-
Greater Manchester Educational Trust	-	12	-	-
Bursary Fund	-	299	-	349
Capital Buildings Fund	-	57	-	18
Discretionary Fund	-	8	-	37
Other donations and gifts in kind	-	6	-	5
	<u>11</u>	<u>382</u>	<u>10</u>	<u>409</u>

5. ANALYSIS OF RESOURCES USED

	2012	2011
	£000	£000
Charitable Expenditure includes:		
Depreciation	10	4
Governance expenditure includes:		
Auditor's Remuneration	10	10
	<u>10</u>	<u>10</u>

6. EMPLOYMENT COSTS

	2012	2011
	£000	£000
Wages and salaries	7,356	7,447
Social security costs	569	570
Pension contributions	796	807
	<u>8,721</u>	<u>8,824</u>

The average number of full time equivalent employees during the year was 237 (2011 242) This consists of teaching staff 135 (2011 137) and non-teaching staff 102 (2011 105)

Neither the Governors nor persons connected with them received any remuneration, expenses or other benefits from the Schools

The Governors are of the opinion that further disclosure of staff costs, as is normally required under the provisions of the Statement of Recommended Practice, would be detrimental to the management of the charity

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

7. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Other	Depreciation	Total 2012	Total 2011
	£000	£000	£000	£000	£000
Charitable expenditure					
Academic	7,188	914	6	8,108	8,257
Welfare	166	436	4	606	564
Premises	775	1,071	-	1,846	2,068
Support Costs	467	432	-	899	894
Management and Administration	40	44	-	84	84
	<u>8,636</u>	<u>2,897</u>	<u>10</u>	<u>11,543</u>	<u>11,867</u>
Cost of generating funds					
Fund-raising costs	85	19	-	104	102
Other financing costs	-	260	-	260	160
	<u>8,721</u>	<u>3,176</u>	<u>10</u>	<u>11,907</u>	<u>12,129</u>

8. TANGIBLE FIXED ASSETS

	School Buildings £000	Plant & Equipment £000	Total £000
COST			
At 1 st September 2011	10,165	125	10,290
Additions	616	412	1,028
	<u>10,781</u>	<u>537</u>	<u>11,318</u>
At 31 st August 2012	10,781	537	11,318
	<u>10,781</u>	<u>537</u>	<u>11,318</u>
DEPRECIATION			
At 1 st September 2011	-	100	100
Charge for Year	-	10	10
	<u>-</u>	<u>110</u>	<u>110</u>
At 31 st August 2012	-	110	110
	<u>-</u>	<u>110</u>	<u>110</u>
NET BOOK VALUE			
At 31 st August 2012	10,781	427	11,208
	<u>10,781</u>	<u>427</u>	<u>11,208</u>
At 31 st August 2011	10,165	25	10,190
	<u>10,165</u>	<u>25</u>	<u>10,190</u>

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

9. INVESTMENTS

MARKET VALUE

Investment type	2012 Equities £000	2011 Equities £000
Brought forward 1 st September 2011	484	465
Sales	(139)	-
Realised/Unrealised gains	<u>18</u>	<u>19</u>
	<u>363</u>	<u>484</u>

There was a sale of an investment during the year

The original cost of the above investments as at 31st August 2012 or value at date of donation was £275,000 (2011 £376,000)

10. STOCKS

	2012 £000	2011 £000
Teaching materials, stationery and catering supplies	<u>31</u>	<u>37</u>

11. DEBTORS

	2012 £000	2011 £000
Fees	262	318
Other debtors & prepayments	194	291
	<u>456</u>	<u>609</u>

Prepayments include supplies purchased for the academic year commencing September 2012

12. SHORT TERM INVESTMENTS

	2012 £000	2011 £000
UK Building Societies and UK Term Bank Deposits	<u>1,871</u>	<u>2,387</u>

13. CREDITORS: amounts falling due within one year

	2012 £000	2011 £000
Bank Loan & Revolving Credit Facility	470	150
Trade Creditors	532	561
Taxation & Social Security	169	174
TPA & other pension contributions	106	101
Other Creditors and Accruals	81	226
Fee Deposits & Fees in Advance	262	249
	<u>1,620</u>	<u>1,461</u>

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

Fee Deposits are received from parents when a pupil joins the School. All deposits are deducted from the first term's fees and so are refunded.

The Revolving Credit Facility with Barclays Bank plc is to assist with the capital investment in substations and the Arts Centre. The loan is secured by a charge over the Schools' property and is repayable by 30th September 2016. Interest is payable at 1.65% above LIBOR.

14. CREDITORS: amounts falling due after more than one year

	2012 £000	2011 £000
Barclays Bank plc	600	750

The Barclays Bank loan is to part finance the building of the new Kindergarten. It is repayable over 10 years commencing October 2007 at a fixed interest rate of 6.48%. The loan is secured by a charge over the Schools' property.

15. PROVISIONS AND SPECIAL RESERVES

	2012		2011	
	Unrestricted & Designated £000	Restricted £000	Unrestricted & Designated £000	Restricted £000
Bursary & Appeal Funds	355	1,205	369	1,316
Maintained Places Funds	-	169	-	168
	<u>355</u>	<u>1,374</u>	<u>369</u>	<u>1,484</u>

The purposes of these funds are set out on page 11, Accounting Policies.

16. FUNDS

	Unrestricted £000	Designated £000	Restricted £000	2012 Total £000	2011 Total £000
At 31 st August 2011	8,924	369	2,491	11,784	11,381
Movement in resources	374	(14)	61	421	403
At 31 st August 2012	<u>9,298</u>	<u>355</u>	<u>2,552</u>	<u>12,205</u>	<u>11,784</u>

The restricted funds of the charity comprise the following:

- Balances on donations and grants given for the specific purpose of Bursary, Scholarship and prize funds, including amounts received in respect of the Centenary Appeal
- Balances on donations in respect of the new building fund, also part of the Centenary Appeal
- Balances on donations in respect of the Discretionary Fund, part of the Centenary Appeal

Unrestricted Funds comprise of the surplus arising out of the normal day-to-day running of the Schools. Designated Funds comprise amounts set aside by Governors for the purposes of bursaries.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

17. ANALYSIS OF NET ASSETS

	Fixed Assets £000	Investments £000	Net Current Assets £000	Long term Liabilities £000	2012 Total £000
Unrestricted	10,708	-	(455)	(600)	9,653
Restricted	500	363	1,689	-	2,552
	<u>11,208</u>	<u>363</u>	<u>1,234</u>	<u>(600)</u>	<u>12,205</u>

18. TAXATION

The Schools are a registered charity and, as such, are not subject to taxation

19. PENSION CONTRIBUTIONS

Teachers' Pension Scheme

The Schools participate in a multi employer defined benefits pension scheme, the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. As a result it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the school. As required by FRS17 "Retirement Benefits", the Schools account for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers Pension scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The Government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%. The Government actuary's department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The superannuation charge represents contributions payable to the Scheme for the year ended 31 August 2012 of £745,000 (2011 £758,000). At 31st August 2012 contributions amounting to £96,000 (2011 £92,000) were payable to the scheme and are included in creditors. The latter includes deduction from employees' pay in relation to their pension contributions.

Support staff scheme – The Pensions Trust

The Schools participate in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. It is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

Normal Retirement Date From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity. The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee

The Trustee commissions an actuarial valuation of the Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

The Schools paid contributions at the rate of between 5% and 14.1% during the accounting period. Members paid contributions at the rate of between 5% and 30% during the accounting period.

As at the balance sheet date there were 44 active members of the Plan employed by the Schools. The Schools continue to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (ie past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Rate of return pre-retirement	7.6
Rate of return post-retirement	
Active/Deferred	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions,

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years. The preliminary triennial valuation results as at 30 September 2011 were received in March 2012, but as the valuation is not finalised, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's technical provisions (ie past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million equivalent to a funding level of 84%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to the Pensions Regulator on 18 December 2009, as is required by legislation.

The recovery plan aims to eliminate the deficit via a combination of additional contributions from employers and investment returns over a period of 10 years from 1 April 2013.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series, except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis, ie the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt. The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The results of the 30 September 2011 triennial valuation have confirmed the requirement for additional contribution to the Growth Plan from 1 April 2013, in the sum of £34,722 per annum.

In respect of this scheme contributions payable for the year ended 31 August 2012 were £51,000 (2011 £49,000). At 31 August 2012 contributions amounting to £10,000 (2011 £9,000) were payable to the scheme and are included in creditors. The latter includes deduction from employees' pay in relation to their pension contributions.

20. CONTINGENT LIABILITY

The Schools have been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt was £591,354.

THE BURY GRAMMAR SCHOOLS TRUSTEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31ST AUGUST 2012

21. CAPITAL COMMITMENTS

	2012	2011
	£000	£000
Amounts authorised but not contracted for	1,000	2,930
Contracted for	<u>976</u>	<u>-</u>

22. RELATED PARTY TRANSACTIONS

Children of three directors are pupils of the Schools. The directors concerned receive no discount on the fees payable, and at the year end there were no outstanding balances.